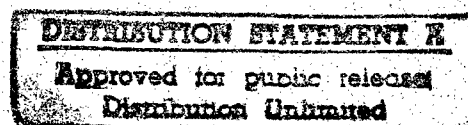


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Near East/South Asia Report



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11 February 1986

NEAR EAST/SOUTH ASIA REPORT

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GENEVA SUMMIT, RELATIONS WITH SOVIETS DISCUSSED

Paris AL-MUSTAQBAL in Arabic 7 Dec 85 pp 20-23

[Article by 'Abd-al-Karim Abu al-Nasr: "Bag of Secrets from Gulf; Gulf Warning to United States; Has Iraq-Iran War Practically Ended; Three Soviet Conditions To Attend International Conference; Opening up by Some Arab Gulf States to Moscow Is Considered Tantamount to Message to Washington Expressing Arab Disappointment in U.S. Mideast Policy; Moscow Asked Shultz To Include Middle East Crisis in Reagan-Gorbachev Summit Agenda But American Side Declined on Basis That It Is Enough To Discuss Crisis at Level of Foreign Ministers on Summit Peripheries"]

[Text] Three major questions are raised nowadays, either in whispers or openly, by the political and diplomatic circles in the Arab Gulf area. You hear these three questions in dialogues and discussions in Kuwait with Arab, European, U.S., or Soviet figures:

Has the Iraq-Iran war practically ended and has the post-war phase, or the phase of preparation for the post-war period with all its hopes, expectations, and question marks, begun ? Or can the new offensive for which Iran is preparing upset the current equation and create a gap that alters the course of this war?

Did the GCC states intend to send a warning message to the United States when two of these states (the Sultanate of Oman and the UAE) announced their decision to establish diplomatic relations with the Soviet Union? What is the real benefit of the decision made by the two Gulf states? Will the other GCC states follow the example of these two states and establish, in the near future, diplomatic relations with Moscow?

Is it true that there is a confidential U.S.-Soviet agreement to hold an international conference to solve the remaining problems of the Arab-Israeli conflict, especially the Palestinian problem? Why did Gorbachev, the Soviet leader, instruct the official in charge of planning Soviet Mideast policy to head to the Gulf area during the convocation of the Geneva U.S.-Soviet summit and not to take part in the summit?

These are three major questions, each of which entails numerous other questions. In interviews we have conducted in Kuwait with Arab, Western, and Eastern figures, we have been eager to seek answers to these questions that surpass with

their content and dimensions the Gulf framework because they are questions raised by observers in several Arab capitals outside the Gulf area.

Let us begin with the Iraq-Iran war.

"What is new" in this war, which has claimed 1.5 million killed or wounded from both sides since it started in September 1980, according to the estimates of well-informed Western observers--"what is new" in this regard is that some Arab officials believe that the Iraq-Iran war "has practically ended." These officials base their viewpoint on the following:

On the one hand, Iran is no longer capable of scoring a military victory because of Iraq's superiority in armaments and because of the severe blockade imposed on Iran, thus making it difficult for it to acquire sophisticated military equipment and spare parts.

On the other hand, Iraq alone cannot force or "persuade" Iran to accept a cease-fire and to begin negotiations to end the various aspects of the dispute between the two countries.

But this "military equation" has not led to a cease-fire and has not opened the door for peace negotiations. The Iranian leadership tries to "ignore" Iraq's military superiority and to persist in a long-drawn war of attrition until this "big change" is achieved in Baghdad. In this respect, Iran relies, on the one hand, on its ground forces, because its air force is weak and partially paralyzed by the lack of spare parts and because of its inability to acquire modern fighters and, on the other hand, on the instructions of Ayatollah Khomeyni who believes that loyalty to the Iranian Islamic revolution dictates continuing the war against Iraq to the end, regardless of the obstacles, losses, or sacrifices.

On the other side, Iraq has been trying for more than 2 years to end this war as quickly as possible, using for the purpose various weapons and employing its air superiority to strike against Iranian economic installations. But this has not guaranteed Iraq a sufficient capability to "persuade" Iran to accept a cease-fire.

In the face of this question, two new moves have been made on the basis that the Iraq-Iran war "has practically ended" but that neither side can end it officially: The first move is a Gulf move and the second an international move.

The GCC states have decided to follow a "new plan" in an attempt to end this war. This, of course, is not the first time the Gulf states have tried to move from the phase of being influenced by the Iraq-Iran war to the phase of influencing the course of this war with the aim of ending it. But Gulf officials believe that the "new plan" may have a greater chance of succeeding than the previous attempts. This plan calls for opening up to Iran, improving Gulf-Iranian relations, and entrenching the dialogue and the contacts with Iran to encourage the Iranian leadership to end the war and accept the principle of negotiations to settle the dispute with Iraq. This tendency emerged clearly in the latest summit held by GCC leaders in Muscat (3-6 November 1985). The Muscat

summit communique was characterized by its soft tone toward Iran. The communique did not hold Iran responsible for continuing the war but was careful to urge both sides to show "flexibility" and "pliability" to end the fighting. It was also decided to dispatch Yusuf al-'Alawi 'Abdallah, the Omani minister of state for foreign affairs, to Baghdad and Tehran to familiarize the two countries' officials with this summit's outcome and to feel their pulse regarding the possibility of ending the war. It was also decided to dispatch a delegation including Shaykh Sabah al-Ahmad, the Kuwaiti deputy prime minister and minister of foreign affairs, and the UAE minister of foreign affairs to Tehran in case the initial contacts by the Omani minister succeed. It has even been reported that it is possible that Shaykh Zayid ibn Sultan, the UAE president, will visit Iran within this framework.

Have Tehran and Baghdad responded to this new Gulf plan?

The fact is that Iran has declared through Al Akbar Velayati, its minister of foreign affairs, that it welcomes improving relations with the Gulf states and that it seeks "peaceful coexistence and the establishment of friendly relations with these states."

On the other hand, Iraq declared through Tariq 'Aziz, its deputy prime minister and minister of foreign affairs, its readiness to live in peace with Iran and with the other states in the Gulf area.

But what has in fact happened? What has happened is that Baghdad received Yusuf al-'Alawi 'Abdallah, the Omani minister, and heard him and that Tehran did not receive him. The fact is that the Iranian leadership wishes to improve relations with the GCC states, not to end the war with Iraq but rather to put distance between these states and Iraq and, consequently, to isolate Iraq at the Gulf level. Iranian officials believe that their war with Iraq "does not concern" the Gulf states and that, consequently, these states must terminate their many-sided aid to Baghdad. But the GCC states do not view the issue from the same angle and they do not want a rapprochement with Iran in order to conclude a "deal" with Iran at Iraq's expense. Rather, they want rapprochement with Iran for the purpose of putting an end to the war, of establishing peace in the area, and of creating good relations among all of the area's states.

The international move to end the Iraq-Iran war has taken the form of Arab-U.S., Arab-European, and Arab-Soviet contacts and of U.S.-Soviet consultations on the peripheries of the Geneva summit between George Shultz and Eduard Shevardnadze, the two countries' ministers of foreign affairs. What is the purpose of these contacts and consultations? To hold an emergency Security Council session to discuss the Iraq-Iran dispute exclusively and to issue a resolution calling for a cease-fire and containing a just and balanced basis for settling the dispute between these two countries, with the Security Council staying in constant session until an agreement is reached between the two disputing parties. But this international move has produced no encouraging results so far because the Iranian officials reject the Security Council's authority, believing that the Security Council is "not neutral" and is "aligned" against Iran. Consequently, the Americans and the Soviets have not issued a joint invitation to the Security Council to hold this session even though there is an understanding in principle between Washington and Moscow in this regard.

The Gulf and international moves continue in an attempt to achieve what the various forces have failed to achieve in the past 5 years, i.e., actually influence the two parties to this dispute. While awaiting "some sort of a positive development" in this regard, informed European and U.S. diplomatic sources in the Gulf area speak of new Iranian preparations for a major offensive against Iraq's territories in the next 2 months. A high-level U.S. source assured AL-MUSTAQBAL that there are currently no fewer than 200,000 Iranians (including troops, revolutionary guard elements, and civilian volunteers) massed on the borders with Iraq and waiting for the "go-ahead signal" from Tehran to launch a new offensive aimed at gaining control of al-Basrah City and of blocking al-Basrah-Baghdad highway, which is something the Iranians have repeatedly tried to achieve.

But regardless of whether the Iraq-Iran war "has practically ended," as some Arab officials believe it has, or has not ended, as the Iranians wager, what is interesting is that many in the Gulf area have begun to make calculations for the "post-war phase" at the political, military, economic, and strategic levels. They have also begun to ask numerous questions about what may happen when a cease-fire is officially declared between Baghdad and Tehran and have begun to analyze and debate the positions of this or that party and the plans of this or that circle.

True Nature of Gulf-Soviet Transformation

The most significant diplomatic event in the Arab Gulf area this year is the decision by the Sultanate of Oman (made last September) and the decision by the UAE (made last November) to exchange diplomatic representatives with the Soviet Union. Thus, Kuwait is no longer the sole GCC member state having diplomatic relations with Moscow. These two decisions have been accompanied by statements made by a number of Gulf officials, including Bahraini Prime Minister Shaykh Khalifah ibn Salman, urging the need to establish diplomatic relations with the Soviet Union.

A number of European diplomats I met in Kuwait say that there is an evident and tangible transformation in Gulf-Soviet relations and that what has happened and what may happen at this level in the wake of the decisions of the Sultanate of Oman and the UAE reflects two significant points:

First, this transformation is tantamount to a clear "Gulf warning message" to the United States and to President Reagan expressing, on the one hand, disappointment in Washington's policy vis-a-vis the Middle East crisis in particular and vis-a-vis the Gulf area and reflecting, on the other hand, lack of trust "in the American friend" who is not showing a real and serious interest in maintaining the "Arab-U.S. friendship."

Second, this transformation demonstrates that the Gulf states, or most of them at least, no longer view the Soviet Union as the "source of danger" to the Gulf area and the circle with "expansionist objectives and plans" in this area or with "aggressive intentions" toward the area's states and peoples. What is more, some of these states believe that the Reagan administration's current policy toward the Arab area and toward the Arab-Israeli conflict is the "source of danger" to the Arabs on the basis of this policy's growing support for

Israel's policy of rejecting the conditions and bases of a just and comprehensive peace in the area.

But has the warning message "reached" the U.S. officials and what is the Reagan administration's position on this Gulf-Soviet rapprochement--a rapprochement about which Washington has been apprehensive for long years?

We raised this issue with the U.S. Ambassador to one of the Gulf states and this ambassador did not deny that this Gulf-Soviet rapprochement reflects Gulf "annoyance" with "some aspects of U.S. policy" in the Middle East. But the ambassador told us that he believes that this rapprochement will not tangibly influence bilateral Gulf-U.S. relations, whether at the economic and commercial level, the level of investments, or the level of armaments. This U.S. ambassador revealed to us that the UAE has been eager to establish diplomatic relations with the Soviet Union and China this year because it will be chosen at the outset of 1986 as a Security Council member representing the Arab countries. Consequently, it has to have diplomatic relations with the five permanent Security Council members, namely the United States, Russia, China, France, and Britain. This ambassador told us further that the decision of the Sultanate of Oman to establish diplomatic relations with the Soviet Union has not affected relations between Muscat and Washington, especially in connection with the facilities given the U.S. forces. But the ambassador did acknowledge that the U.S. authorities cannot use these facilities without obtaining the prior approval of the Omani government.

There remains the question of opening embassies. A prominent Arab official told us that "the decision to establish diplomatic relations is one thing and opening Soviet embassies in Muscat and Abu Dhabi is another. The next step perhaps needs several months, even longer, before it becomes a reality."

What about the other GCC members, i.e., the Kingdom of Saudi Arabia, Bahrain, and Qatar? Will they soon decide to exchange diplomatic representatives with the Soviet Union?

The fact is that the Soviet officials "expect" Bahrain to declare its decision to establish diplomatic relations with Moscow within a few days of declaration of the UAE's decision. But it now seems that this decision has been postponed until a later phase. According to well-informed Gulf sources, Saudi Arabia cannot think of establishing diplomatic relations with Moscow before the Soviet forces withdraw from Afghanistan and there is nothing "urging" Qatar to make such a decision in the coming period and it may perhaps wait for better circumstances.

U.S. and Russian Conditions for International Conference

We now come to the third question, namely: Is it true that there is a confidential U.S.-Soviet agreement to convene an international conference to settle the Arab-Israeli conflict, especially the Palestinian issue?

The fact is that there is no such confidential agreement. Rather, the information we have acquired from Arab, U.S., and Soviet sources reveals the presence of three Soviet conditions for participation in a new international conference on the Arab-Israeli conflict.

This important point must be clarified.

It is interesting that the man in charge of the "dossier of the Middle East crisis" in the Soviet government did not go to Geneva to take part in the activities of the U.S.-Soviet summit but was touring the Gulf area on a special mission. This man is Vladimir Polyakov, the head of the Middle East Department of the Soviet Ministry of Foreign Affairs. Polyakov had been expected to take part in the Geneva summit activities, exactly like his U.S. counterpart, Richard Murphy, who joined the U.S. delegation to the Geneva meetings. But Polyakov was absent from this summit and, on the instructions of his government, visited Kuwait and Iraq in that period. He was even preparing to head for Iran if Iran had displayed any inclination to discuss with the Soviets the issue of ending the Gulf war.

There was something important behind Polyakov's absence from the Geneva summit. AL-MUSTAQBAL has learned from very well-informed Soviet and U.S. sources that the Soviet officials asked George Shultz, the U.S. secretary of state, during the talks they had held with him in Moscow on preparing the agenda of the Gorbachev-Reagan summit to include the Middle East crisis in this agenda and to set aside "enough time" for discussing the crisis in the meeting between the two leaders. But the U.S. side rejected this Soviet demand, pointing out that the Middle East crisis could be discussed by the two countries' ministers of foreign affairs on the peripheries of the summit.

This is the reason Polyakov was sent to the Gulf instead of Geneva.

AL-MUSTAQBAL has also learned that Shultz and Shevardnadze, the U.S. and Soviet ministers of foreign affairs, actually discussed the Middle East crisis on the peripheries of the Geneva summit, but only from one perspective, namely the conditions and circumstances for holding an international conference to settle the conflict. Well-informed sources have revealed to AL-MUSTAQBAL that no agreement was reached between the two sides on this issue because the U.S. side made conditions which the Soviets rejected and the Soviet side made conditions which the Americans rejected.

AL-MUSTAQBAL has learned that the Reagan administration's conditions for holding the international conference and for Soviet participation in the conference are the following:

1. That the Soviet Union embark on a "goodwill initiative" toward Israel prior to convocation of the conference. This initiative could be the restoration of diplomatic relations with Tel Aviv or the opening of the door of emigration to Soviet Jews.
2. Moscow must declare its support for the need to begin direct negotiations between Jordan and Israel to reach an agreement on the West Bank and Gaza, with the participation of "acceptable Palestinian elements."
3. Soviet participation in any international conference on the Middle East has its limits. The Soviets are not entitled to intervene in direct Arab-Israeli negotiations, may not impose any party on these negotiations, and are not entitled to take part in drawing up the peace negotiations agenda because this

is the task of the parties directly concerned with the issue. Moreover, the Soviet Union is not entitled to attend the negotiation sessions or to intervene in them by offering specific proposals.

The Soviet rejected these U.S. conditions and set, on the other hand, three conditions for their participation in any international conference on the Arab-Israeli conflict. These conditions are:

1. The Soviet Union believes that the proposed international conference must not be a mere "canopy" for passing independent "peace agreements" but must act as the framework that helps solve the various aspects of the Arab-Israeli conflict on a just basis that guarantees legitimate Arab rights and paves the way for establishing a permanent and comprehensive peace in the area.
2. The Soviet Union insists on participation by all the parties concerned with the conflict in any international conference so that this participation may not be confined to Egypt, Jordan, and Israel. Rather, the conference must be attended by Syria, the PLO, and Lebanon (if it so wishes). The Soviet Union will take no part in any international conference in the absence of these parties.
3. The Soviet Union believes that there must be constant international supervision over any Arab-Israeli negotiations so that the United States may not monopolize the supervision of such negotiations.

This Soviet concept of the proposed international conference is in total conflict with the U.S. concept. The Reagan administration wants this conference to be a mere "superficial framework" for the direct negotiations that can take place under the auspices of the United States whereas Moscow wants this conference to entrench the participation of several international parties in supervising negotiations that seek to solve the various aspects, not just one aspect, of the Arab-Israeli conflict.

It is evident from all this that the international conference will not be held in the near future and that it cannot be held if the Reagan administration continues to cling to its present position.

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UAE DAILY INTERVIEWS USSR ENVOY TO JORDAN

GF131734 Dubayy AL-BAYAN in Arabic 12 Jan 86 p 16

[Interview with Aleksandr (Zentchik), Soviet ambassador to Jordan, by AL-BAYAN correspondent Fahd al-Rimawi in Amman--Date not given]

[Excerpts] [Fahd al-Rimawi] The visit paid by Iraqi President Saddam Husayn to Moscow aroused great interest. Many analyses and speculations were made on it. How do you assess this visit and its results?

[Aleksandr Zentehik] We discussed with President Saddam all Middle East issues without exception. I can say that the Iraqi and Soviet sides agreed that the convening of an international conference to be attended by all parties involved in the conflict in addition to the United States and the Soviet Union is the only means to achieve a comprehensive and just settlement of the Palestinian issue which is considered to be the central issue in the Middle East.

All questions and matters concerning the Iraq-Iran conflict also were discussed. The Soviet Union affirmed its constant and principled position toward this conflict which is represented by the need to immediately and unconditionally halt this war, because we believe that the continuation of the war is not in the interest of the Iraqi or Iranian peoples. We had warned and are still warning the two sides of the danger of foreign interference, including military interference if this war continues.

[Al-Rimawi] This just Soviet position needs a practical mechanism. Is there a Soviet mediation effort to end the Iraq-Iran conflict similar to that of the Tashkent to settle the conflict between India and Pakistan?

[Zentchik] We are not mediating between Iraq and Iran at present. We cannot repeat the Tashkent Conference in this respect, because Soviet-Iranian relations are not at the required level. Despite this, we have informed the Iranian leaders of the Soviet position toward this war. We also have warned against the danger of the continuation of this war which threatens the vital interests of the Gulf Region's peoples.

[Al-Rimawi] Is there any Soviet mediation between Iraq and Syria?

[Zentchik] Listen, we do not believe in shuttle diplomacy. There is no specific mediation to normalize Syrian-Iraqi relations. However, I can affirm that there

is genuine Soviet contribution to the efforts being exerted to purify the air and consolidate Arab relations. We have informed both Iraq and Syria of the constant Soviet view regarding the need to unite Arab ranks to reach a comprehensive and just settlement of the Middle East issue.

[Al-Rimawi] What has Saddam Husayn's visit to Moscow added to Iraqi-Soviet relations?

[Zentchik] Soviet-Iraqi relations have continued to develop due to the existence of a friendship treaty between the two countries. This treaty has led to expanded economic cooperation. Thousands of Soviet experts have contributed to the Iraqi development process. Although the volume of trade exchange between us and Iraq is large, Iraq has expressed its wish to further develop trade and economic cooperation. Of course, we welcome this. Moreover, we and Iraq and even some Arabian Gulf countries agree on three important strategic points:

1. The need to end the Iraq-Iran war.
2. The need to reach a comprehensive and just peaceful settlement of the Middle East issue.
3. The need to turn the Indian Ocean into a peace zone.

[Al-Rimawi] What is your assessment of the possibility of an escalation in the missiles crisis between Syria and Israel?

[Szentchik] We believe that the deployment of any defensive weapons of any kind in any country is a legitimate right of that country; no foreign country has the right to impose its will on other countries just because defensive weapons are deployed. We hope that Israel and its allies will be ruled by reason and cease the artificial escalation of the tension with Syria and behave logically.

[Al-Rimawi] As the USSR ambassador to Jordan, is there anything new in USSR-Jordanian relations? Do you expect King Husayn to visit Moscow this year?

[Zentchik] A clear answer to this issue should be made by an official in Moscow senior to me and not by an ambassador in Amman.

[Al-Rimawi] Recently talk has increased about the imminent resumption of relations between the USSR and Israel and about allowing Soviet Jews to emigrate to Israel? Is there anything new in this?

[Zentchik] I can say that the talk about an imminent resumption of our diplomatic relations with Israel is totally untrue. There also is no truth to the news that the Soviet Jews will be allowed to emigrate to Israel.

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CSO: 4400/84

ARAB LEAGUE SECRETARY OFFERS ANALYSIS OF CURRENT DEVELOPMENTS

London AL-TADAMUN in Arabic 20 Nov 85 pp 33-36

[Interview with Arab League Chairman Chedli Klibi by Fu'ad Matar: "In a Conversation Dominated by Anxious Optimism: Chedli Klibi to AL-TADAMUN: Everyone Now Realizes -- No Security without Reconciliation"]

[Text] The Arab League secretary general, Mr Chedli Klibi, was preparing to go to Rabat to take part in an Iraqi-Libyan meeting under the supervision of King Hasan the Second, Shaykh Zayid Ibn Sultan, the president of the Emirates, and the Mauritanian president, Moawiya Ould Taye. The Arab League, in the person of the secretary general, would coordinate this meeting's activities and try to control explosive conditions that might arise.

The secretary general was happy, on the one hand, because the meeting was going to take place and anxious on the other because the atmosphere in general was dominated by a heavy, low black type of cloud which might, if one could say so, keep the airplane of reconciliation from landing on the runway assigned to it.

The response from the assistant secretaries general, specifically Ahmad al-Harqam, As'ad al-Muqaddam and Muhammad al-Mughrabi, indicated in effect that it would be better to wait until after the Morocco meeting.

However, the secretary general took a view which I had expressed, the gist of which was that a summit would be held in a few days between the two super-powers in Geneva (this interview took place a week before the Reagan-Gorbachev summit took place) and it was necessary that the Arab citizen know the analysis the symbol of common Arab action (that is, the secretary general of the league) had regarding the issues and problems of the area. On top of that, an interview on the eve of the reconciliation meeting between two influential Arab countries, Iraq and the Libyan Jamahiriyah, would have a distinctive flavor.

The conversation, which covered basic Arab issues, from the league's role to the issue of temporary residence and permanent residence, disputes and mediation attempts, African alienation from the Arabs, the attempt to bring Egypt back, in preparation for its resumption of its position and resumption of the uneasy Arab-European dialogue, then took place.

It is left to say, as I finish this presentation of the interview I held in Tunis with the secretary general of the Arab League, Mr Chedli Klibi, in the meeting hall adjacent to his office in the secretariat general building, that I find myself hoping that the anxiety I observed in him would be dispelled with the results of the Morocco meeting. This anxiety will be dispelled only if the meeting realizes more than a minimum of positive results.

I will leave the observations and impressions I formed concerning the current situation of the Arab League and the conversation with him till the next issue.

AL-TADAMUN: There is a sort of confusion in common Arab action. Does the secretary general believe that that arises from the league's functioning in Tunisia, since it is on a temporary assignment?

Will the confusion remain as long as Egypt stays away and as long as there is a feeling that the residence is a temporary one?

Chedli Klibi: The first point I would like to deal with in beginning to talk about Arab affairs and the league concerns the definition of the notion of "the league." The phrase "the League of Arab States" has two interconnected, compatible meanings: the first, basic meaning refers to the group of member countries, when they meet in the house of the Arabs, review common affairs and adopt their resolutions.. This is the league, basically. When we talk about the league's resolutions and the league's positions, we mean positions common to the member countries and resolutions it has adopted regarding specific issues. Connected to this first, basic meaning is another additional one, which is the group of specialized organizations functioning under the banner of the league, under the roof of the Arab house; these are the agencies carrying out combined Arab action in various social, economic and cultural areas.

Therefore we understand that nothing essential has occurred in these two areas since the league moved from Cairo to Tunis except that Egypt has been absent. This in itself is important and serious from numerous points of view as far as the quality of common action goes. I mean here the absence of Egypt as a state, bearing in mind that Egypt as a people has not been absent from the league, since the secretariat general has been anxious that the link with currents of thought and political action remain in being, even as regards employees. There are substantial number of Egyptians in the secretariat general, although the Egyptian state is absent, and they occupy important positions on many occasions. One person is in charge of the chairmanship of a general department, one of the most important department in the secretariat general. Since the resolution bearing on the shift of league headquarters has been described as temporary, not changing the nature of activity at all, and is reflected negatively only on the material facilities, we are now working in three dispersed buildings which are not suited to the needs of work and the league's functions. Therefore we are now trying to carry out the resolution adopted at the Fez summit, which calls for the construction of temporary league headquarters in Tunisia.

Toward a More Effective Role

AL-TADAMUN: Doesn't the secretary general believe that Egypt's return will in effect reduce friction and the role of the league will therefore become stronger?

Chedli Klibi: As a result of what I said above, there is a second observation, which is also related to the conditions the Arab League is facing through the countries in it. This concerns the phenomena of schisms which we are observing here and there in the Arab nation. We must point out that Arab disputes are not new. On top of that, the expression "purifying the atmosphere" is an old one, and no league council session agendas may have been lacking this for a long time, offering testimony that the phenomenon of old disputes is as old as common Arab action. The disputes, most unfortunately, have not been absent from the Arab stage, and therefore are not a surprise to the Arab world. However, what has aggravated this phenomenon is not the absence of the Egyptian state, as is being said on many occasions now. It is true that Egypt has major, basic importance with respect to common Arab action, and its absence has an effect on common Arab action, but the fact is that the disputes have gotten out of hand for numerous other reasons. First of these is the turn the Egyptian state chose in the days of President al-Sadat. That sowed chaos on the Arab stage. The most important country, the strongest country chose peace with Israel for local gain, while the scope of the Arab-Israeli struggle is nationwide and the gamble it involves is nationwide. President al-Sadat did not restrict himself to this; he concluded another agreement, or agreed to its major outlines, and that was an agreement related to the Palestinian cause and autonomy, which was in fact a legitimate cover for consecrating Israeli hegemony over the bank and the strip. By chance, matters have developed to the point where this part of the agreement has been paralyzed. However, we are still suffering from this option, which President al-Sadat endorsed, to this time. Conditions have evolved negatively on the international stage because of the Egyptian-Israeli agreement, whose objective basically was to isolate Egypt from its Arab environment. One of the senior officials in the Carter administration asserted this to me. He told me that the objective Begin was aiming at was to remove Egypt from Arab ranks, since it was the biggest Arab power, so that he would be able to impose the solutions he considered appropriate for Israel. Indeed, following the conclusion of the Camp David agreements, matters in the international stage proceeded to become more complicated and worse. We were often told: "This is your biggest country which has accepted this solution -- why don't you accept it?" America adhered to that final solution; even when it tried to develop it a little, the thrust remained as it was, since the draft which President Reagan submitted on 1 September 1982 was a confrontation with the Fez plan in advance. In Europe, we found great concern to convince the market countries of the rightness of the options our countries had endorsed, in order to refute the view prevalent at that time, that what the Egyptian president had chosen then was reasonable, and that anything beside it was extremism. We hear this sort of talk in the African country. We were told "We have entered into solidarity with you and severed relations with Israel for the sake of African territory, which is Sinai. Now, Sinai has been restored to Egypt and there no longer is justification for severing relations with Israel." We met with this thinking from President Mobutu and other heads of African states. After that, the same problem appeared with respect to Spain. These are the complications we have faced in the international arena.

The Most Important Problem Is the Dispute between Damascus and Baghdad

AL-TADAMUN: There are numerous Arab disputes. What in your estimation is the way to approach the solution of these disputes, and where should we start?

Chedli Klibi: One of the most important problems we have been suffering from since July 1979 has been the rift between Damascus and Baghdad. I believe that that has been a hard blow to common Arab action, since understanding and coordination between Syria and Iraq, and also with Jordan and the organization, is essential, as they are all front-line states.

Then, after a fairly short time, we came up against a third challenge, the outbreak of war between Iraq and Iran, which was the greatest setback, since one of our most important countries, one of those with the most faith in joint Arab action and one of those which defend it most strenuously, became enmired in a ferocious war which none of us knows how to get out of. This war has monopolized most of Iraq's resources at the expense of a substantial part of its efforts which had been devoted to joint Arab action.

In addition to that, Syria, during this period, has been directing efforts toward the Lebanese stage; of these I can say that in spite of the recent phenomena, complexities and difficulties, I am still holding onto the hope that beloved Lebanon will soon get out of the tunnel. However, for a period of many years Lebanon has been the preoccupation as far as all our countries go, foremost among them Syria, which has assumed and still is assuming on the Lebanese stage heavy responsibilities to which hopes have been attached. To all that we must frankly add that perhaps these gloomy conditions are what have led to the establishment of regional organizations which will seek to rise above these conditions, such as the Gulf Council among the Gulf countries. This council has the aim of organizing some affairs by which our countries in this sensitive area of the world are distinguished. Though some people observe that the council's activity has developed and grown because of the great weakness that has afflicted joint Arab action in this recent period due to what I have stated, I am confident that its activity will not be an alternative to joint Arab action as a consequence.

I Have Not Despaired and There Is No Alternative to Joint Action

AL-TADAMUN: In the context of these gloomy Arab conditions, what is to be done? Should we give up hope?

Chedli Klibi: I have not for a single moment lost hope in joint Arab action, not for professional reasons, not because I am in this position, but because of my belief that the Arab countries have no alternative to joint action, if they are to have full honor and a role in the world, no alternative to reconciliation, to rising above the problems that exist among them and putting them in abeyance, if it is not possible to solve them, because, with the aggravation of the problems, the fragmentation of Arab solidarity and the conflicting statements among member countries, individually and collectively, on the international stage is diminished. Therefore we have no option but to return to one

another, with each of us returning to the parent family, and to restore national solidarity. This is what the Casablanca summit sought after, with a bit of success, though five countries were absent. This absence was eloquent in its significance, since it convinced all the people present of the need for immediate action to restore Arab relations to their proper state. Only one resolution was produced by this emergency summit, the one related to the formation of two committees to purify the atmosphere among a number of member countries. The first committee actually did meet, under the chairmanship of Prince 'Abdallah, the crown prince of the Kingdom of Saudi Arabia, with the participation of Mr Mohamed M'zali, the prime minister of the Republic of Tunisia, as well as the secretary general of the league; it dealt with relations between Syria and Jordan and realized positive steps. When it became clear that the atmosphere between the two parties had improved, bilateral meetings between the two alone were decided on, and they are preparing to hold a bilateral summit between themselves.

As far as relations between Syria and Iraq go, a meeting at some level occurred on the borders between Syria and Iraq. It did not measure up to our hopes but the mere holding of this meeting, after a rift which had lasted for years, is an important event, and we are now working to transcend this stage to something better in order to mend the fragmentation of the eastern front and restore solidarity between the two countries, whose conciliation is considered a great force for supporting joint Arab action.

As regards relations between Libya on the one hand and Iraq and the Liberation Organization on the other, efforts have been made which I hope will soon bear fruit in the context of the second committee for purifying the atmosphere, headed by King Hassan the Second, in which Shaykh Zayid, the president of the United Arab Emirates, and President Moawiya Ould Taye, the president of the Islamic Republic of Mauritania, have taken part.

Dialogue While the Problems Continue

AL-TADAMUN: Isn't it possible for dialogue to take place among antagonistic parties while at the same time the problems and disputes which are waiting for an opportunity to be solved continue?

Chedli Klibi: I mentioned all these details to show that we have made progress in realizing the most important accomplishment at this stage, which is to start working toward the restoration of Arab solidarity, by settling disputes, if that is possible, or transcending them so that they will not be an obstacle to joint Arab action. We must not expect these committees to solve all the pending problems among Arab countries. Differences in positions can continue to exist, and individual ideas are numerous. This is natural, and the loftier goal of the activities of the two committees is to keep the disputes from assuming a severity which will inhibit warm dialogue and bring joint action to a halt, sometimes to the point of rupture. The most important goal we must strive for is to have the dialogue among our countries continue. Here we must note that one of the Arab League's tasks is ongoing national action to create a positive atmosphere for Arab reconciliation, because such reconciliation is the basic program of the action of all of us as Arabs and we will thereby have paved the way for the Arab summit which has been postponed for a long time.

Joint Action Will Start from the Summit

AL-TADAMUN: How can joint action set forth? What in your estimation are the requirements of a minimum for such action?

Chedli Klibi: Joint action in our Arab climate and our Arab circumstances cannot set forth unless the summit is held on a minimum of conciliation. To people who argue with us over the orderliness of the European summits, we can say, we are not like the Europeans. They have their morality and we have ours; they have their customs and we have ours. Everyone's belief is that the road to the summit will be paved if we can maintain dialogue among countries which have been split by disputes.

Arab Conciliation and a Sincere Will

AL-TADAMUN: Do you feel that there is a sincere will for Arab conciliation? Will the basis of doubt and fear continue as it is?

Chedli Klibi: One senior Arab official, concerning the relationship between Syria and Iraq, said "This relationship is either infinite love or infinite division. There is no middle way between them." This statement to a large degree summarizes Arab relations. From this standpoint, Arab relations are different from those in Europe. In Europe, each country has an independent entity with sovereignty, civilization and culture. Relations among the market countries, for instance, are ones of friendship, dialogue and cooperation among countries which are foreign to one another. The Arab countries represent peoples which belong to a single nation. Therefore, their relations are more governed by emotion than intellect. Therefore the summit must be held with a degree of conciliation to yield fruit. What do our countries differ over? I do not believe that they differ over the Palestine cause, following the issuance of the Fez plan, which now is the foundation governing all the countries' positions. The same with all the Palestinian forces -- we differ out of fear over differing. When relations between one country and another are not warm, a third element enters in, doubt and suspicion. Here we go back to the theory of infinite love and infinite division. We therefore consider that trust and doubt play a basic role in the treatment of all issues. The issue of trust is basic to Arab relations. We must proceed from the need to implant trust among member countries, so that it will be feasible to deal with the issues that have been raised. In our countries' relations, there is no avoiding this trinity: brotherhood, trust and cooperation. However, nothing can be proper unless the middle link, trust is established.

In addition to that, I believe that the sincere desire for conciliation is now developing for the better today, because all our countries have understood that without Arab conciliation, control of things will slip from our hands. All our countries have understood that without Arab conciliation it is not possible for political security, military security or economic security to be provided. Security comes from reliance on the strength of a great family, and the desire for conciliation is now present today, because we are witnessing a new birth of national consciousness; we are witnessing a "return of the spirit," and its good effects have started to appear, although with some slowness.

There is no doubt that Egypt's return to Arab ranks in some form will be a positive factor, but here it is my duty to point most frankly to some basic facts:

1. The Arab nation cannot do without Egypt, because of the Egyptian nation's weight and the importance of the role the Egyptian people have played, are playing and must play in various economic, cultural, military and political fields. The credibility of joint Arab action is founded only on the joining of forces of all Arab efforts, including Egyptian ones; whether we are in a state of war or peace, it is not possible to dispense with Egypt.

2. However, on the other hand, Egypt cannot do without the Arab nation. Egypt is now one of the countries in the region and has importance in view of considerations which bear on its magnitude and position. However, yesterday, and tomorrow, Egypt will have major importance in view of its position in its nation and in view of its leadership role within the Arab family. This importance is unique and no other consideration matches it.

Egypt's Return Will Take This Form

AL-TADAMUN: What form, then, will Egypt's return take?

Chedli Klibi: Here it is necessary to stress cooperation among all our countries for the sake of reaching this goal. It is not reasonable that we should continue to be observers and wait until Egypt gradually rids itself of the restrictions imposed on it by means of the Camp David agreements. This might take a number of years, and we cannot be patient for such a long time. We want Egypt to return with the maximum possible speed and with the utmost effectiveness. Therefore, we must help in this process. To that end I have said in the league council that the most important thing the Arab countries can do is to help Egypt in the economic area so that it will be capable of independent political decisionmaking.

When things return to their proper place as far as the Arab climate goes, the most important cause to be reviewed is the agreement on how to attempt to carry out the Fez resolutions. A number of measures arise from this, including the Egyptian role, how we can strengthen it and how we can use Egyptian power in service of joint Arab action for the sake of a comprehensive peace in some form, albeit without the well-known formalities.

Early Signs of African and European Dangers

AL-TADAMUN: There are, it seems, early signs of an African alienation from the Arabs and early sign of a freeze on the Arab-European dialogue. Have you made preparations for coping with these two possibilities? How can we avoid the dangers of the more important issue, which is the alienation of Africa from Arab issues?

Chedli Klibi: Regarding these two matters, we also find the difficulties which are as I said the result of internal conditions. Arab statements have been weakened because of disputes; their effect on international stages, specifically in the African and the European stages, has been weakened.

In 1979, our friends in Europe considered that Arab ranks were strong. We were able to impose a progressive course on the Arab-European dialogue. One result of that was the announcement of the Venice declaration. However, after that, relations among Arab countries worsened and Arab might weakened. Our friends in Europe are no longer enthusiastic about putting what they had decreed into effect, especially in terms of carrying out the initiative they promised. It is necessary to point out that the Arab-European dialogue has succumbed to a predicament as a result of the European countries' feeling that the league countries no longer have power to put pressure on them in specific areas, especially oil, which is no longer a weapon, and we have started courting foreign markets. Then, on the other hand, there is no harm pointing out that some European market countries are trying to arrange a relationship that is more successful in their view than the Arab-European dialogue by turning to the Gulf Cooperation Council countries. Of course, we do not expect that to happen, except within narrow limits, because the position of our brothers in the Gulf and the determination to be confined to all the principles which govern joint Arab action are clearly known. Then, in addition to division among Arab statements, we must also take American pressure into account. As far as the African scene goes, we are clashing as I said above, with the position of people who use the Camp David argument against us, in addition to the negative effect some difficult issues have had on the course of Arab-African cooperation. There is no doubt, either, that pressure from many foreign countries is being exerted on these countries to press them to resume relations with Israel, Zaire and Liberia have responded to this desire, and in addition the president of the Ivory Coast has made a statement which could be understood, in spite of justifications, as alienation from the Arab-African solidarity which we want as Arabs and Africans, in spite of the economic efforts the Arab countries have made and the political positions they have taken on behalf of the African countries. The reason for this may be explained by the fragmented appearance of the Arab position to our brothers in Africa. This is what the Ivory Coast president dealt with in his press conference, and is a sorrowful position on his part, based on imprecise observations in many cases. However, that position might be a reflection of a state of affairs from which we must draw awareness, that we cannot establish relations of friendship, cooperation and solidarity between ourselves and any group in the world, whether fraternal or friendly, unless we proceed with a minimum of unity in Arab ranks, unity in Arab statements and unity in Arab positions.

After this conversation, the secretary general promised that we would soon continue.

When I told him, "In a few days, when the reconciliations have borne fruit, or weeks, after the Riyadh summit has become a possibility?" he contented himself with saying,

"The answer will be after I come back from the Morocco reconciliation meeting between Iraq and the Libyan Jamahiriyyah."

What we hope is that the meeting will have eliminated most doubts, so that a reasonable share of confidence and commitment to oaths may take its place, as the risks of the stage require.

REGIONAL AFFAIRS

BRIEFS

WAR END URGED--The Muslim World League called on Iraq and Iran to end their war and spare the Muslim blood to serve the fateful Islamic causes. In two cables sent by league Secretary General Dr 'Abdallah 'Umar Nasif to Iraqi President Saddam Husayn and Iranian President 'Ali Khamene'i, the league affirmed the need to unite stances and resolve conflicts through negotiations. Dr Nasif noted in the cables that the Constitutional Council of the Muslim World League, during its 26th session held in Mecca recently, discussed the recent developments of the Iraqi-Iranian War and affirmed the danger of its continuation for the region and the Islamic world, calling on Iraq and Iran to respond to mediations and efforts to end the war. [Text] [Riyadh Domestic Service in Arabic 1130 GMT 22 Dec 85 GF] /12232

CSO: 4400/84

PLAN TO REPLACE GOVERNORS

Cairo AL-SHA'B in Arabic 31 Dec 85 pp 1, 7

[Article by Mustafa Amin al-Saffani: "Four New Governors in January Shakeup"]

[Text] The government is in the process of deliberating on replacing governors in January. It is expected that governors will be replaced in Suez, Kafr al-Shakyh, al-Fayyum, and Damietta.

This change is occurring as a result of some reports presented to Prime Minister Dr 'Ali Lutfi concerning some of the violations in these governorates. Among these is a report from Chancellor Rif'at Khaffaji, chief of the Administrative Control Organization, which he presented to the president of the republic and the prime minister at the end of last month concerning the mechanized slaughterhouse in the governorate.

There is also a report submitted to former Prime Minister Kamal Hasan 'Ali on the role assumed by Muhammad Nabil Halawa, governor of Kafr al-Shaykh in the recent events in Fawah in addition to reports of the Central Accounting Agency which included several large violations in a number of projects in Kafr al-Shakyh Governorate.

As for Major General Tharwat 'Atallah, governor of al-Fayyum, some leaders of the ruling party suspect him of creating numerous conflicts and disputes within party ranks. 'Atallah is also preventing many of the leaders from presenting their resignations from the ruling party, and had held up the resignation of Dr Jamal Mu'min (head of the administrative council of the al-Fayyum Company for Food Security and member of the Political Office of the party in al-Fayyum) from membership in the ruling party. Mu'min mentioned among the reasons for his resignation that he was returning to governorate politics, which created numerous conflicts in al-Fayyum. Additionally there were the disputes which the ruling party's youth office in the governorate witnessed, and their division into two branches, one of which was supporting the governor, in addition to the governor's role in supporting a number of officials in the governorate who worked with the French Company CERIC, which makes clay bricks, which was clearly shown in the report. This added to the violations of the company before the head of the ministerial council.

It is also being said that Dr Ahmad Jawili, governor of Damietta, is a candidate to fill the post of chief of the administrative council of one of the large banks, or to fill the post of Ministry of Agriculture, freeing Dr Yusuf Wali to be secretary general of the ruling party while staying on as deputy prime minister for service affairs.

AL-SHA'B has learned that Major General Tahsin Shanin is a candidate to fill the post of governor of Suez, succeeding Major General Bakir. The remaining three candidates are army major generals, and agreement has yet to be reached concerning their names.

/9365

CSO: 4504/160

JOURNALIST'S ATTEMPT TO RESUME LOCAL COLUMN SPARKS CLASH

Paris AL-MUSTAQBAL in Arabic 4 Jan 86 pp 20-22

[Article: "Muhammad Hasanayn Haykal -- A Threat to Whom?"]

[Text] The struggle now going on in Egypt over whether the great colleague Mr Muhammad Hasanayn Haykal should resume writing in the Egyptian press, for the first time in 11 years, is basically not a media or press conflict between Haykal and his adversaries but actually a political one between President Husni Mubarak and his adversaries.

The people who are opposed have considered Haykal's resumed writing of his article "Speaking Frankly" on a regular basis in the Cairo weekly paper AKH-BAR AL-YAWM the "most dangerous decision" to have been taken in Mubarak's era. One of them has gone so far as to say that it constitutes a "silent revolution" in Egypt's political life.

That may be true.

The real, hidden battle now taking place over Haykal's articles is one between Mubarak, who gave his agreement to Haykal's resumption of writing in the Egyptian press, and the forces which consider themselves overseers of the present Egyptian regime, observing its conduct, shifts and positions and putting up "red lines" the regime must not cross in the relationship with the United States, Israel and the Arab countries.

Some people deem it proper to make the summary statement that these forces, which consider that the justification for their existence lies in their success in imposing their oversight on Mubarak's regime, represent the "al-Sadatist" current, connected to the late President Anwar al-Sadat. These forces in reality still have an important presence and influence in political, economic, financial, investment, media, military and security circles and areas.

This definition is valid if we consider that the "al-Sadatist current" these forces belong to is focussed on three basic components:

1. The need to adhere to the Camp David Treaty, especially with regard to the normalization of relations between Egypt and Israel, developing and

evolving this normalization and considering the Egyptian-Israeli relationship an achievement and accomplishment which one must not relinquish.

2. The need to continue the strong link with the United States, not just on the economic, financial, commercial, investment, military and security levels but also insofar as Egypt is a basic part of American strategy in the Middle East area. In this regard, the al-Sadatist forces consider that the issuance of any decrees or measures which will put restrictions on the policy of economic liberalization that al-Sadat began must be prevented.

3. The need to deal with other Arab countries from the premise that Egypt does not need them, but rather that it is they that need Egypt, that Egypt is strong through its European and American relations and that it is the Arabs alone who have lost and are losing by expelling Egypt from Arab ranks in the wake of the signing of the Camp David treaty.

While Mubarak concurs with these al-Sadatist forces over the need to adhere to the Camp David agreement, because eliminating it would as he says mean declaring a state of war against Israel, he differs with them over the nature of the relationship with the United States and the quality of the link with American strategy. He also differs with them over the attitude toward the Arab countries.

However, the basic dispute between Mubarak and these forces may revolve about the following question:

Who really governs Egypt? Who really makes the basis decisions and determines the important options? Mubarak or the al-Sadatist forces?

The battle between Mubarak and these forces has been going on since the current Egyptian president took power after al-Sadat's assassination on 6 October 1981. It exists on various levels and in numerous areas. These forces consider that the justification for the existence of Mubarak's regime is that it is in its basic policies a continuation of al-Sadat's regime, no more. Mubarak has repeatedly tried to liberate himself from these forces in terms of opening the file on corruption and bribery, in which charges were brought against some figures of the previous regime, limiting the influence of these forces and their likes in various sectors, removing important al-Sadatist symbols, the means for dealing with America, Russia, the Arab countries or even Israel, and his constant assertion "I am not 'Abd-al-Nasir or al-Sadat, my name is Husni Mubarak."

A prominent Egyptian personage says that the "Mubarak era" the current president tried to inaugurate or launch since he assumed power is founded on the following bases:

First of all, liberation from the al-Sadatist forces. This has constituted a major concern of Mubarak's, although the current president has dealt, and been dealt with, in great secrecy and an indirect manner, in a way which differs from the treatment by 'Abd-al-Nasir and al-Sadat of figures from the two eras previous to their own.

Second, the creation of a new political bloc of elements which owe full, real loyalty to Mubarak and his policy and platform, and by which he can create the changes he wants in various areas.

Third, the creation of a new relationship between the various political forces in Egypt which will result in broadening the scope of "democracy" and participation by the people through their representatives in the solution to Egypt's economic and social problems. In this regard Mubarak considers that the responsibility for solving these problems does not lie with the ruler alone, but that all Egyptians must participate in it to varying degrees.

The fact is that Mubarak has not been able to eliminate or liberate himself completely from the al-Sadatist forces, for various considerations, and has not been able to create a political bloc loyal to himself and his policies which has a presence and influence on the Egyptian stage parallel to if not superior to the al-Sadatists' presence and influence.

"Haykal's Return Is Our Death Warrant"

At this point, the Haykal case erupted. The question which arises in this regard is:

What is the relationship between the Haykal case and Mubarak's "silent" struggle with the al-Sadatists, or the al-Sadatists' struggle with Mubarak?

First, we must pause to consider the Haykal case in itself.

The case began, officially, when the Cairo weekly journal AKHBAR AL-YAWM published in the center of its front page in the Saturday 14 December 1985 issue the news: "AKHBAR AL-YAWM's surprise: the great writer Muhammad Hasa-nayn Haykal will be writing frankly every week in AKHBAR AL-YAWM." It then appeared that Haykal's first article would come out this 4 January and that Haykal would not write weekly but would choose an issue or important subject every month and write an article about it, an article which could take up two or three instalments. It also appeared that Haykal would not get any money from AKHBAR AL-YAWM for the publication of these articles.

A storm of reactions the likes of which the Egyptian scene had not witnessed for a long period blew up. A large number of Egyptian journalists and politicians supported the decision on Haykal's resumption of writing in an organized manner in the Egyptian press after an interruption which lasted 11 years as a result of a prohibition decree by al-Sadat. The people supporting this step considered that the decree on Haykal's return was "an affirmation of the exercise of democracy" in Egypt and that Haykal's resumption of writing was "a natural right of his and it was not permissible to proscribe him or take away this right." Ashraf Ghurbal, Egypt's former ambassador to the United States, went so far as to say "Haykal's pen was influential domestically and abroad. My opinion from the beginning was that a rupture between him and al-Sadat could not be allowed and that prohibiting Haykal from writing in Egypt greatly discredited us abroad."

However, in exchange, powerful voices in political, journalistic and economic circles were raised to declare their severe opposition to Haykal's

return. It was natural that people opposed to this step should appear, especially after it had become apparent that AKHBAR AL-YAWM had agreed not to delete a word from Haykal's articles. It was natural, because Haykal, in his person, his views and what he represents, has many adversaries and enemies. He cannot resume playing a part in the Egyptian press, after an interruption that has lasted 11 years, without creating noise and tumult.

However, the opposition to Haykal's return was more than opposition to a prominent, influential writer and journalist; indeed, it assumed the form of a "declaration of war" against Haykal and everyone supporting his return, even President Mubarak himself! Let us pause to consider the most conspicuous reactions against Haykal.

A number of Egyptian businessmen and financiers who constitute an influential "pressure group" and in general adhere to al-Sadatist policy acted to inform senior Egyptian officials that Haykal's return would portend a great blow to the policy of liberalization and would be interpreted domestically and abroad as a return to the stage of "introversion and nationalization" which the Nasirist era was known for. Indeed, these people went so far as to submit a memorandum to the Egyptian government demanding that Haykal be prevented from publishing his articles in the Egyptian press. These people also made the implicit threat that a number of Egyptian and foreign businessmen might stop or cut back the volume of their investments in Egypt if Haykal's articles appeared in the Egyptian press in a regular fashion.

'Uthman Ahmad 'Uthman, a prominent figure from al-Sadat's era and one of the strongest of them, said that Haykal's return constituted a "silent coup" on the Egyptian stage.

Mustafa Khalil, prime minister in al-Sadat's era and one of the "symbols" of the Egyptian-Israeli rapprochement, said that the influential leaders in the National Democratic Party (the ruling party in Egypt) would object to Haykal's return. Mustafa Khalil's statement meant, implicitly, that these leaders were still influenced by al-Sadatist policy.

A number of al-Sadatist politicians informed some Egyptian officials that Israel would consider Haykal's return a step "hostile toward it" and Camp David policy and would prompt it to take a "rigid" position with respect to the problem of Taba and other issues.

Some journalists antagonistic to Haykal said that his resumption of writing could mean a return to "the era of concentration camps and severe introversion."

Two positions must be noted in addition to these reactions. The first was that of Musa Sabri, the former editor in chief of the Cairo newspaper AL-AKHBAR, one of the people most extremely "devoted" to al-Sadat and his platform and one of Haykal's most implacable enemies. Musa Sabri said, "I could not sleep on Saturday, that is, the day Haykal's resumption of writing was announced, until I had fully confirmed that nothing of Muhammad Hasanayn Haykal's would be published in AKHBAR AL-YAWM or any other newspaper in Egypt. The meaning of Haykal's return is a death warrant for all of us."

The second was the position of the writer Mustafa Amin, who is considered Haykal's major adversary. Mustafa Amin pointed out "The idea of Haykal's return to writing is just a personal initiative on the part of Ibrahim Sa'dah, the editor of AKHBAR AL-YAWM newspaper, but that sort of thing is in the jurisdiction of the board of directors." Mustafa Amin, by this comment, tried to hint that Mubarak had no connection with Haykal's return and that the decision was an "individual one."

"No Future for Egyptian-Israeli Relations"

This sort of actual declared war against Haykal calls for the following questions to be raised:

Why are they afraid of Haykal? Is it true that Haykal's return means that the stage of introversion and nationalization will resume and the doors of the cells and prisons will be reopened? Is it true that Haykal is a "dangerous man?" A danger to whom?

The fact is that the people who are fighting Haykal are first of all fighting this man's views, ideas and positions regarding basic issues and, through him, are fighting President Mubarak. In this regard, it is necessary to pause to consider Haykal's views and positions regarding basic issues -- Anwar al-Sadat, the Camp David treaty and the relationship with Israel, the position on the United States, Egyptian-Arab relations, the position on Mubarak and Egypt's role during the current and coming stages.

The al-Sadatists cannot forget that Haykal is the author of the book "Autumn of Fury," which is considered the most violent, powerful work to have been written about al-Sadat, his experience in government and his personality. Perhaps what has disturbed al-Sadat's partisans is that the author of "Autumn of Fury" enjoyed a circulation Arab political writers rarely receive (more than 400,000 copies) and that the Egyptian authorities recently permitted it to be distributed in Egypt. We will just pause to consider those paragraphs which appeared in the book and summarize Haykal's view regarding the late president: "The real tragedy in the life and death of Anwar al-Sadat was that he was a man who tried to move a great deal but did not advance. The truest comment I heard after his assassination is that 'he died when he was killed.' In reality, directly after his assassination the general climate in Egypt supported this statement. A feeling of calm rather than anxiety appeared among the Egyptian masses in general when the news of al-Sadat's assassination circulated, and the trial of his murderers turned into a trial of their victim. It can now be said that al-Sadat's major blunder was represented by his sacrifice of Egypt's strategic goals for the sake of tactical maneuvers which were of dubious value from the beginning. It can truly be said that the October war was al-Sadat's major opportunity, indeed, it was an opportunity that was given to no Egyptian ruler before him in Egypt's modern history. However, he threw everything to the wind. When al-Sadat gave Israel a free hand to act, he gave it freedom at the expense not just of the Palestinians but of all the Arabs."

Concerning the Camp David treaty and Egyptian-Israeli relations, Haykal once told me, "The Camp David treaty was presented to the Egyptian people not as

an agreement with Israel but as something that would bring peace, that is, welfare, to Egypt. The Egyptian people agreed to peace with the absolute, with welfare, and did not think about Israel. It did not occur to them that this 'peace' would isolate Egypt from the Arabs." Haykal added, "A moment in Egypt's history when the people felt psychological fatigue and the burdens of long war was exploited and someone came and offered these people a dream, the Camp David treaty, on the claim that this treaty would bring welfare. However, that dream was baseless, a dream of 'fraud,' a dream of 'hashish,' especially when the Egyptian people discovered that this separate peace with Israel did not mean peace and did not bring welfare." Haykal also told me, "There is no future for Egyptian-Israeli relations. It is out of the question that such relations should have a future. The presence of an embassy for Israel in Cairo is one of the strange and wondrous things which occur sometimes in the world, but this presence is abnormal and has no future." Haykal stressed that he would prefer that what remained of the Camp David treaty, that is, the normalization of relations between Egypt and Israel, would be eliminated by the doing of the Egyptian people, not by decree of the Egyptian government.

Haykal calls for "balanced" relations to be established between Egypt and the United States and the Soviet Union, and consequently for Egypt not to be turned into a link in American strategy in the region. He says, "The United States is worried about the possibility that Egypt might return to Arab ranks, and so is Israel. Israel will not be quiet, but will do everything in its power to obstruct Egypt's return to the Arabs. Israel wants history to stop, go into a deep freeze and stay there."

Concerning Egyptian-Arab relations, Haykal asserts "The Egyptian people now realize, for the first time, through trial and error, how strong their Arab affiliation is. Egypt and the Arabs are a single cause, a single entity and a single destiny."

Regarding his position on President Mubarak, we should observe that Haykal has never said that Mubarak is a "historic man" or that he is a "prominent and exceptional ruler." Indeed, in all his statements and writings, he has avoided hedging the current Egyptian president about with any exceptional commendation or praise, although Mubarak released him after al-Sadat's assassination. Haykal has been anxious to be "fair" toward Mubarak and his evaluation of him and his role. He once said "Mubarak is not a historic man but is facing a historic stage." Another time he said, "Mubarak does not represent a role that his not his own and does not imply anything that is not in him" and "his national and domestic feeling is sound." Haykal considers in general that Mubarak is seeking a historic role for himself and for Egypt. Perhaps the truest thing Haykal has said concerning Egypt's role is "Egypt is a country not of resources but of a role. When Egypt ceases performing its role in its natural Arab environment, it loses the most important cause of its strength."

Prevented from Circulating

These views of Haykal's perforce provoke the enmity of the al-Sadatist forces in Egypt, and this enmity is perforce transformed into a war to prevent

the "circulation" of Haykal's views on a broad scale through articles issued in a regular manner in AKHBAR AL-YAWM and published at the same time in a number of Arab papers. However, here one must say that the people opposed to Haykal's resumption of writing in the Egyptian press do not all belong to the "al-Sadatist current." Rather, there are some opponents from different currents, and there are also "extreme enemies" of Haykal's who have a long-standing vendetta against him.

What inspires ridicule, of course, is some people's statement that if Haykal comes back that will pave the way for a period of introversion, will reopen the prison cells and will do away with the private sector, Egyptian and foreign investments and so on. These accusations are more like drivel than anything else. History does not regress, and Haykal is not the ruler of Egypt.

Moreover, one cannot imagine that Ibrahim Sa'dah, the editor in chief of AKHBAR AL-YAWM, negotiated with Haykal and reached agreement with him to resume writing without receiving Mubarak's prior, explicit approval. This sort of decision is not taken individually. What in fact happened is that Dr Usamah al-Baz, director of Mubarak's political affairs bureau and his main advisor, played an important, if undeclared, role in negotiating with Haykal and convincing him to resume writing in the Egyptian press. Usamah al-Baz is an old friend of Haykal's and has strong ties to him.

What the great majority of people opposed to Haykal's return to writing fear is that Haykal's views regarding Camp David, the relations with Israel, America and the Arabs, Egypt's role and its domestic and foreign conditions will be transformed into a powerful popular current thanks to Haykal's brilliance, his ability to influence, his broad culture, his numerous Arab and international contacts and his knowledge of many hidden things and secrets. These people are afraid that many people in Egypt will discover that Haykal is expressing their anxiety and fears with regard to isolation from the Arabs, the diminution of Egypt's role, the unnatural relationship with Israel and other important, sensitive matters.

These people constantly fear that some of Haykal's views will be reflected on the current Egyptian regime's orientations in the domestic or international contexts.

These reasons and considerations are perhaps what prompted Haykal to agree to resume writing in the Egyptian press.

However, this severe conflict has had its effect and the decision has been taken to postpone publication of Haykal's articles in AKHBAR AL-YAWM. In the issue that came out last 21 December, AKHBAR AL-YAWM published a statement on its front page saying "AKHBAR AL-YAWM, which sought this unique democratic step, is telling its millions of readers who had imagined that Mr Haykal would begin writing this week that it will take longer than you had expected for this step to be carried out, for the people who doubt everything and anything to understand thoroughly that democracy means that you should state your opinion and give your life as the price for others' right to state their opinions. President Mubarak has declared more than once that he will

not deprive people of their opinions and that all Egyptians are to be respected, regardless of their affiliation."

In any event, the struggle is more than just an attempt to take away a writer's right to express his opinions in his country's papers. It is President Mubarak's struggle with the forces which are trying to impose their tutelage over his regime and set out the "red lines" which this regime must not cross one way or another.

The struggle is important and gripping at the same time. Its results, whatever they might be, will be clearly reflected on Egypt's orientations and options in the coming stage.

11887

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PROBLEM OF NATION'S DEBTS TO OTHER ARABS EXPLORED

Doha AL-'AHD in Arabic 17 Dec 85 pp 28, 29

[Interview with Fathi Yusuf, Head of the Egyptian Interests Supervisory Mission in Qatar, by Habashi Rushdi: "The Chairman of the Egyptian Interests Mission in Doha Replies to the Big Question: Who Will Pay off Egypt's Debts?"]

[Text] The national campaign to pay off Egypt's debts has passed beyond the domestic framework and into the nationwide dimension, on behalf of an economically strong Arab Egypt able to emerge from its current economic circumstances.

In the context of the great awakening the Egyptian president, Husni Mubarak, has called for, efforts to pay off Egypt's debts have been initiated on a number of levels. In the framework of this domestic and national activity the Egyptian community in Qatar has embraced, to which Arab brothers have contributed, expressing their solemn national affiliation, AL-'AHD had the following meeting with Mr Fathi Yusuf, chairman of the Egyptian Interests Supervisory Mission in Qatar, to present the efforts that have been made and to cast light on this domestic and national action.

[Question] How great is the volume of Egyptian debts, and why have these debts come into being?

[Answer] As Dr 'Ali Lutfi, the prime minister, declared in his recent speech concerning the action plan of the new cabinet, whose tasks in the first place can be summarized as rectifying the economic course of the Arab Republic of Egypt and creating radical solutions to solve all the problems the Egyptian economy is facing, the volume of Egypt's debts has come to about \$24.2 billion.

As regards the reasons for the debts, let us not forget that Egypt has fought four wars against Israel costing it tremendous amounts of money. This is above and beyond the losses in human life, on which a price cannot be put. This is in addition to the demands of development and the reforms going on at full speed in Egypt. The most important of these reforms is the renovation of the infrastructure in the form of sanitary drainage, water and

electric systems, new roads such as the Alexandria agricultural route and the Cairo-Isma'iliyah road, the new communities, such as 10 Ramadan, 6 October, 10 May and al-'Amiriyah, the reconstruction of the canal cities which sustained total destruction during the 1967 war, the redevelopment of Sinai, the construction of new communities there, the new villages which have started appearing on the map, the various industrial, agricultural and tourist projects and the projects to redevelop the west coast. This is in addition to the sums which the government is contributing to subsidize food-stuffs in order to provide these at suitable prices to classes of people with limited incomes.

This is on top of the advanced weapons Egypt is anxious to get and supply to the Egyptian armed forces in order to defend the country. Indeed, Egypt is not just anxious to diversify arms sources -- rather, it is also working patiently and with determination in order that arms may be manufactured locally and a strong industrial base may be made available to it for this important strategic industry, for the sake of strong Arab weapons which are able to respond to Arab needs, proceeding from the premise that Egypt, which is part of its Arab nation, thinks not just within the limits of its own requirements, but also in the light of the national strategic interests of Arab policy, since Egypt's Arab policy is the cornerstone of its foreign policy.

All these burdens and ambitious projects which prove the Egyptian Arabs' insistence on transcending their current crisis for the sake of a better future have constituted the volume of the debts, which have come to \$4 billion [sic] as previously pointed out.

[Question] How can Egyptians working in Qatar offer contributions toward payment of Egypt's debts?

[Answer] Actually, the notion of contributing to lower the Egyptian government's burdens originated awhile ago. Five months ago there was a meeting of the members of the Egyptian community in Qatar and their recommendation was to establish some philanthropic projects, such as the construction of wings in hospitals, the purchase of medical equipment such as modern artificial kidney systems, modern equipment related to the treatment of cancer by radiation, the purchase of ambulances and the acquisition of plots of land for reclamation and redevelopment to increase the farmed area in Egypt. In brief, it was the idea of the members of the Egyptian community in Qatar that it was their duty to participate in redeveloping Egypt and lightening the burdens on the government to repay what Egypt had given them.

On that basis, I called for a community meeting in my home, and a recommendation was presented embodied in the establishment of a committee to be named the committee of national duty, so that this recommendation could be put into effect and contributions collected for the abovementioned purposes. However, following President Husni Mubarak's speech before the People's Assembly on 11 November, in which he called for a great awakening, I called for another meeting of the Egyptian community in Qatar and explained to them the circumstances our beloved country is passing through and the need to concentrate at the present time on the issue of the repayment of Egypt's

debts, which the president had described in his speech. The response by the members of the Egyptian community was magnificent and proved the extent of the people of Egypt's sincerity and self-sacrifice for the sake of their motherland. The Egyptian community recommended receiving the sum of \$500 from higher officials, \$200 from other officials and \$100 from workers with limited incomes.

In addition, other sectors such as the Ministry of Education recommended a contribution of 25 percent of a month's salary to be paid in 2 consecutive months at a rate of 12.5 percent per month. Other sectors followed the same example. Consequently, contributions toward the payment of Egypt's debts began to assume a comprehensive, coordinated organizational character.

Regardless of any of the recommendations I expressed concerning the form or volume in which these contributions are made, all of these recommendations, in conjunction with one another, will in turn lead to the collection of the greatest possible sum as a first instalment toward the payment of Egypt's debts. Indeed, a large percentage of the people in the community have expressed their readiness to offer a fixed ongoing sum of monthly income, at a rate of 5 percent of their salaries, for a specific period.

Accounts were also opened in all the banks of Qatar for this purpose. After that the mission then took charge of collecting these sums and sending them to Cairo subsequently to give prominence to the contribution of the Egyptian community in Qatar and the extent of its positive responses toward the issues of construction and redevelopment in Egypt, in response to President Husni Mubarak's appeal. Various committees have also been formed in various sectors to supervise the collection of these contributions, call for them and present them to people monitoring this campaign.

[Question] Payment of Egypt's debts transcends domestic duty and becomes a national duty. What is your comment on that? Is it intended that Arab contributions will be made?

[Answer] The thing that inspires amazement and genuine Arab national enthusiasm is the extent of our Qatari brothers' insistence on contributing on behalf of the payment of Egypt's debts, starting with Shaykh Muhammad Ibn Hamad Al Thani, the minister of education, who has insisted on taking part in the campaign, which at its beginning was just restricted to members of the Egyptian community. Now, out of an overflowing national sentiment, it has turned into a national campaign to repay Egypt's debts, expressing the feelings all Arab brothers hold for their country Egypt. Shaykh Muhammad Ibn Al Thani, the minister of education, initiated the contributions, and His Eminence Mr 'Abdallah al-Ansari, director of the department of revival of Islamic heritage, Mr Husayn al-Firdan, and numerous other Qatari figures have also contributed.

Our Palestinian brothers have also hastened to insist on contributing to this campaign, including people who have offered a whole month and people who have offered numerous contributions expressing their strong national feeling, their sincerity and their loyalty to their nation Egypt. This is a fact which we have noticed and it has gladdened us all. The statements by

which everyone has expressed his feelings are that Egypt is not just their country, but is also our country, and that was an object of pride and glory for us all.

Other Arab figures came to us from various areas of the Arab world, adding a national character to the campaign to pay Egypt's debts in view of the love everyone holds for Egypt and for what Egypt has offered to its Arab world.

[Question] Have official bodies been formed in Egypt to supervise all the contributions of Egyptians domestically and abroad toward the payment of Egypt's debts?

[Answer] It was announced in Egypt that there is a committee consisting of senior Egyptian religious, official and economic figures for this purpose. Accounts have also been opened in banks totally separate from the government's accounts. This committee is under the supervision of the Egyptian president, Husni Mubarak. These separate accounts are aimed at getting what is collected through this campaign to flow to pay debts and directly and clearly show the effectiveness of these contributions on the Egyptian economy.

Before concluding my meeting with Mr Fathi Yusuf, the chairman of the Egyptian Interests Oversight Mission in Qatar, he told me, "I would like to express my thanks and appreciation to the Qatari officials for blessing this campaign and everyone who is contributing and has contributed to it, be they our Qatari brothers, Palestinians, Arabs or Egyptians.

"I also thank our magazine AL-'AHD and all the media in Qatar for their participation in this campaign."

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INTERNATIONAL PREEMINENCE OF LOCAL COTTON EXAMINED

Cairo AL-AHRAM in Arabic 20 Dec 85 p 7

[Article by Husayn Shahbun]

[Text] During the past few years, world cotton trade has seen a number of fundamental and unexpected reversals and changes that demand careful study and action to counter the consequences so that they do not reflect negatively on the Egyptian economy. The demand for cotton in general has dropped, while the demand for high quality, long staple cotton has dropped in particular and in an unprecedented fashion. It is well known that Egypt is the largest producer and exporter of long staple cottons, and does not face competition except from a few countries, not more than two or three, and Egyptian cotton is superior to theirs. Therefore, fluctuation in the price of long staple cotton is of special importance to the Egyptian economy. The cotton exchange has recorded a number of consecutive drops in the price of long staple cotton, primarily Egyptian cotton, whose price fell this year by about 7 percent compared to last year. Also, the volume that could be exported at the highest price fell to around 1.5 million qintars, compared to an export goal estimated at between 2 million and 2.5 million qintars.

At the same time, demand for some types of synthetic fibers has increased, while advances in the technology of producing and manufacturing them on a large scale have led to the fact that their use in the textile industry has raised the efficiency of using short staple cottons in manufacturing in such a way as to cause them to compete strongly with medium and long staple cottons.

On the other hand, the spinning and weaving industry is facing a marked stagnation in the local market, and the stored commercial stock of textiles has been increasing so that it now exceeds a billion pounds. Since the local market cannot absorb more production of cloth and textiles under the present circumstances, this makes it impossible to expand the manufacturing of the surplus of Egyptian cotton which is difficult to export, and which if dumped on the world exchange would cause the price to drop and affect producing economies.

Before these circumstances and changes land us in the difficult straits of decreased revenues from cotton exports or the accumulation of a surplus that

would be difficult to export or manufacture, we must rapidly review cotton policies and those of manufacturing and marketing before the moment of confrontation arrives, for it will doubtless have a negative affect on the national economy. Points of view abound on how to confront the expected crisis before it occurs, but they have crystalized into two basic tendencies:

The first thinks that the export of raw cotton should be halted, if but on a temporary basis, on condition that it all be exported in a manufactured form as spun goods and textiles. This would relieve the industry's pressure on the local market and allow factories to operate at maximum capacity, especially since the Egyptian spinning and weaving industry enjoys a good reputation and has the capability to be superior and to export.

The second holds the opposite to be true, since those who have this point of view think that the export of raw cotton should continue, and that the price should be set according to the circumstances of the world market, and that price fluctuations are natural and no cause for alarm, and that they are always a possibility with respect to any commodity in foreign trade, whether exported or imported, especially since the price of exported spun goods and textiles is in most cases less than the price of the cotton that went into making them.

Dr Ahmad Dahmush, head of the public sector agency for spinning and weaving, says: The demand for Egyptian cotton is in fact decreasing, and we expect there to be a new decrease because of the tendency towards expanding the use of synthetic fibers and advances in the technology of producing, using, and blending synthetic fibers in an amazing fashion. It is now possible to use short staple cottons very effectively in making better products. That was not possible before, and it has led to an increase in the proportions of blending synthetic fibers, which has reduced demand for cottons in general, and so products of natural cotton now tend to be special rather than general. For example, Egyptian cotton used to be used to produce very fine spun goods for making very fine lenos and poplins and sewing threads, but tremendous developments have occurred in the industry and there have been radical changes in the production of these kinds of short staple cottons by blending them with synthetic fibers.

We have learned that American short staple cottons that are spun to 30-count can now be produced to 40 or 50, and can get up to 60 in industries with advanced technology. A subject about which there has been much debate might be brought up here, and that is whether these circumstances should impel us to grow American varieties in Egypt? They produce high yields and the ripening period is shorter, and so that would allow us to reduce cotton acreages. This is an extremely sensitive subject, and it is known that these varieties would threaten local cottons with dilution and decline. Also, the exclusive characteristics of Egyptian cotton should always be kept in mind. God has blessed us with natural conditions that allow the production of soft, fine long staple cotton, so why should I think of ruining those qualities, especially since the productivity of the land with respect to long staple cottons has high averages compared to world averages.

Control of World Price Is Possible

Dr Dahmush says: The matter of reviewing export and manufacturing policies in accordance with these changes is something that must be done, but we must realize and never forget that Egyptian cotton has unique characteristics and enjoys the position of a monopoly on the world market, and we must strive to maintain this. Even if the recession crisis which the textile industries are facing now for example were to end, and it became possible for us to process larger amounts of Egyptian cotton for consumption, would that be an incentive to stop exporting cotton wool in pieces? No, and no matter how much our consumption of cotton products increases, we must be eager to export a portion of Egyptian cotton as fiber. We must realize that increasing the export goal is not always in the interest of the Egyptian economy; on the contrary, lowering the export goal in accordance with world market needs allows us to impose the appropriate price for Egyptian cotton. This is in fact what happened during the past 3 years. Egypt was exporting a ratl of cotton for 140 cents while the world price of cotton fell from 90 to 60 cents per ratl. Prices are about to collapse, while Egyptian cotton is maintaining its price while faced with competition from China, which has succeeded in producing long staple cottons and is offering them at unbelievably low prices.

Exaggerated Views

With respect to the aforementioned points of view, both of them are characterized by some caution and excess. The truth is that we should export one amount to be determined by studying the world market and its need for raw cotton, and another amount of spun goods and textiles. The amount of raw cotton that can now be exported for free currencies does not exceed 1 million or 1.5 million qintars, so how can the targeted export be 2.5 million qintars? If that amount were presented, it would of necessity reflect on the price. At the same time, exporting an amount of spun goods helps to lower the amount of raw cotton targeted for export, keeping in mind that excessive exports of spun goods also is not in the interest of the national economy. The price of a ton of fine spun goods now is about 10,000 pounds, and it costs about 7,000 pounds, and the worldwide capacity to absorb spun goods is limited. Amounts of raw cotton and spun goods targeted for export must be determined with great care, keeping in mind circumstances of world demand so that prices will not fall in a way that would affect the production economies.

Egyptian Industry's Responsibility in Public and Private Sectors

The Egyptian industry is now directly responsible for confronting the changes that are happening in the spinning and weaving industries. The most important of these changes is the expansion in the use of synthetic fibers and threads. Cotton must be used in a sound, economic manner, and it must be used for purposes for which only cotton will do. Modern technology is now producing all intermediate yarns of cotton blended with polyester, so why are we making it out of pure cotton? We encourage cotton to be put specifically into projects for producing blended yarns, and we have no objection to the public sector entering into joint projects so that the private sector will feel confident

and at ease. The public sector is working in this field according to an ambitious plan. We had a factory with a production capacity of 26,000 tons for which we invited international bids to increase it to 52,000 tons. We are opening another plant with a capacity of 50,000 tons, and there is also a factory with a capacity of 3,500 tons that began operation last June, and that will go up to 8,000 tons during the second phase. In addition, there is another project that also has a capacity of 8,000 tons. The object of that is to produce yarns at a high standard of quality out of medium cottons at a high level of economic efficiency. These are spun goods that can be exported without affecting the distinctive and exclusive position of Egyptian long staple cotton. It should be mentioned that the world and local markets are now absorbing blended yarns faster and faster, and there is a greater demand for the characteristics that synthetic threads give to textiles, such as ease of caring for them, since the threads are light and strong, they dry quickly and are easy to iron. These are all characteristics that the consumer wants. I am anxious to stress that it is polyester and not nylon, since the latter is not wanted and there is no demand for it from the consumer, and it also causes allergies. Therefore the industry plan must concentrate on polyester in particular and expand its use for export and local consumption, for the petroleum sector has told us that it cannot provide us with the raw materials necessary for making polyester if the amount is less than 50,000 tons for reasons relating to economics of operation. I have asked the minister to make 100,000 tons available to the industry, that being an amount that allows economical production, and his excellency has agreed. The petroleum sector will provide us with what the industry needs at suitable economical prices that will allow us price competition in the world market.

Responsibility of the Foreign Trade Sector

In order for the sequence of production and foreign marketing to end with exporting, it will be necessary, continues Dr Dahmush, head of the public sector agency for spinning and weaving, for government offices and its various agencies to integrate their efforts. The question is not one for the industry alone, but rather for the offices of export and foreign trade development. The conference for export development, for example, talks about the need to increase cotton exports and opening up new markets. What cotton do they mean? We do not know. Is it raw, spun or woven? No one has said. And what new markets does the speaker intend? No one knows? Are they states with agreements, or states that would pay in free currency? These offices must work with us on serious studies on world markets. Egyptian industry usually produces what it wants to or what it can produce easily, and then it looks for a buyer, when it would be the other way around. What should be done is for the foreign trade offices and the export development center to determine for us who wants what.

I mean they should determine for us the demand in world markets for various products, and the quantities, times, and current prices. Thus the industry could produce exactly what is wanted and not just be satisfied with calls to develop exports and open new markets. The experience of the foreign trade offices and the cotton agency can complement the experience of the industry systems to reach the best level possible of exports. The industrial

sector is doing its best to promote exports, but it is faced with many obstacles and challenges, and other supporting agencies must remove these difficulties and chart a clear and easy course for us for exporting that would define for us the circumstances and needs of the world market, instead of depending on the efforts of the industrial sector. True, our study of the market has allowed us to achieve good export goals, but integration with the offices, especially in light of worldwide changes in the trade of cotton, textiles and spun goods, would doubtless allow better rates and greater diversification to be achieved for Egyptian exports, and create a broader economic demand that would serve Egypt's economy.

12547/12948

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BRIEFS

SECRET U.S. BASE--The crash of the American plane in Canada week before last, which was carrying American soldiers from the Sinai, has revealed the existence of a secret base for the American Rapid Deployment Forces (RDF) in the Middle East. They were attached to the 101st Airborne Division, which the United States is shrouding in extreme secrecy. This Division is considered the core of the Rapid Deployment Forces. They also are entrusted with protecting formidable military warehouses which the United States maintains for use in case of emergency. [Excerpt] [Cairo AL-SHA'B in Arabic 31 Dec 85 p 1] /9365

CSO: 4504/153

ASSESSMENT OF MOROCCAN-LIBYAN UNITY AGREEMENT

London AL-TADAMUN in Arabic 9-15 Nov 85 pp 23, 24

[Interview with Muhammad Bil-Qasim al-Zuwayy, Libyan foreign liaison bureau representative in Morocco, by Abu-Bakr al-Sadiq al-Sharif; in Rabat, date not specified]

[Text] Since it was proclaimed in August 1985 the Arab-African Union between Morocco and Libya has raised many questions that the two countries are eager to answer. However, some of those countries regarded as friendly by the two countries insist that the questions remained unanswered.

Some time ago, specifically a year after the union came into being, AL-TADAMUN asked Muhammad Bil-Qasim al-Zuwayy, Libyan representative to and currently assistant secretary general of the union in Morocco, for an interview to assess the experiment to date and answer some of the questions still existing. Mr al-Zuwayy's duties did not afford him the opportunity to do so until a few days ago.

Before presenting the text of the interview, we must point out that Muhammad Bil-Qasim al-Zuwayy is one of the few Libyan civilians who played a role in the 1 September 1969 revolution. He was subsequently appointed to a number of important posts, including secretary general of the General People's Congress, minister of information, and minister of justice. Here is the text of our interview with him.

[Question] It may be true that the union of one Arab state with another is in response to many common denominators. However, the uncertain reactions to the success of the Moroccan-Libyan Union following the Oujda agreement were not limited to a superpower like America but included Arab and African capitals that are well aware of the strength of these [common] denominators. What is the reason, in your opinion, for the doubts?

[Answer] I believe the main reason for the doubts entertained by many countries, whether on the part of some brother Arabs or foreign capitals, is that our two countries appear to be following diametrically opposite policies. They considered it impossible for a jamahiriyyah regime to come together with a monarchy. The fact is both Colonel al-Qadhafi and King Hasan became convinced that such a coming together was possible and that for a simple reason,

namely, these countries, although they differ in form of government, are first and foremost inhabited by a single Arab people who became divided as a result of certain historical processes but ultimately remain one people embracing the same religion and possessing a common history and fate. Consequently, the possibility of uniting their wills persists. This is the true logic. Anything else is illogical.

[Question] Don't you think that the contrast between a royalist regime and a regime of the masses provides solid grounds for doubting the possibility of the experiment succeeding?

[Answer] What I just said doesn't mean that the contrast between the regimes in the two countries and the differences of opinion on various issues will go away. However, if we start with the inevitability of unity between the Libyan and Moroccan peoples and the fact that their joint unionist effort will bring large returns to both, we will have to regard the temporary contrasts as not being basic, and therefore, it is possible that they will gradually disappear. No one called for Libya to abandon the revolution. Nor did anyone claim that Morocco would adopt revolutionary stands as Libya is known to do. Fundamentally, however, there are points of agreement and they are far more numerous than the points of disagreement, which appear to be the factor upon which many Arab and foreign politicians bet that this union would fail. On the other hand, this unionist experiment followed many others, both unions and mergers, especially since Libya was a principal party in these attempts. However, we managed to emerge from these attempts with something essential, that is, work to unify the Arab nation even though the regimes remain different in the various countries and appear to be incompatible. This confirms one fundamental fact, namely, the inevitability of Arab unity and the enduring, vital, and future-oriented unionist trend among the Arabs. We began with flexibility and intelligent studies and with a plan that permits positive development. It does not bind either country with arbitrary, unrealistic restrictions that ignore the characteristics of the two countries.

[Question] As you were good enough to explain the contrasts between the two countries, have these contrasts affected in any way the process of implementing the unionist accord?

[Answer] The fact is the opposite is the case. It is common knowledge that the unionist agreement constitutes the framework for joint unionist activity and continuous coordination for the good of both countries and the progress of their peoples. It has opened wide the door for their joint activity. We noticed this during the year that followed the unionist agreement, for the Libyan and Moroccan people and both countries' institutions developed their contacts and cooperation to such a degree as to cause the union to eliminate this situation of contrasts. If we compare the extent of the cooperation, business relations, contacts, and meetings that have taken place, we find that if the union were (actually) a merger, we might not have achieved what we did during the year. This has made us confident that the steps we took were correct.

[Question] The Saharan question is the prime issue for Morocco. In their view of the nature of the struggle, they think it is Balkanizing the Arab world and represents an attempt at dividing and partitioning it to serve imperialist goals. Do you share this view and how do you think the situation will turn out in this part of the world?

[Answer] Yes we do and have thought so from the beginning. It is widely known that the movement to liberate Saguia El Hamra and Rio de Oro the (POLISARIO) was started by Libya. Colonel Mu'ammarr al-Qadhdhafi believed from the beginning that unless Saguia withdrew peacefully, he would be forced to encourage and support the youth of Saguia El Hamra and Rio de Oro to form a liberation front and a liberation army. Because it is part of the Arab nation, it must be liberated from colonialism. The youth of Saguia El Hamra and Rio de Oro managed to struggle until it was liberated. It was the opinion in Libya that support extends to the point of liberating Saguia El Hamra and Rio de Oro but no farther. Colonel al-Qadhdhafi declared many times that he is opposed to the creation of new entities either in the Arab East or in the Arab West. On the contrary, Libya's policy since the outbreak of the revolution has been against partition and against borders and midge entities. These are "cardboard" states which have no real potential, they possess only a flag and a national anthem. Libya has worked to shatter these borders and unite the nation to the point that it no longer stipulates that the unity be a progressive unity. This springs from precise calculations regarding the Zionist danger and American imperialism which supports Israel. We, therefore, share the views of our Moroccan brethren and we also agree with them that the solution to the problem must be Arab or indeed it has been presented to the [appropriate] organizations, however, a referendum must be held as soon as possible under neutral international supervision to clarify the true state of affairs. We are confident that this part of the Arab people in the Sahara will not be so separatistic or egotistical as to seek the creation of an unviable entity because it will be unable to form an independent state.

[Question] At the last conference before the African summit, Morocco froze its membership and withdrew from the organization while Libya retained its membership. There are those who believe that behind these developments is an agreement to coordinate positions especially since the Oujda accord had been signed only a few weeks before. Some found strange the existence of the Oujda accord and the divergent positions at the start of the unification experiment.

[Answer] I believe the presence of Libya in the Organization of African Unity and Morocco's withdrawal from it or vice versa is useful for both countries. We believe that dealing with fundamental issues in any state is subject to precise calculations. The aforementioned position was calculated. I believe the essential consideration was that it would be useful for Libya to remain because its presence serves Moroccan interests more than would the departure of both countries at the same time.

[Question] Is there a common Libyan-Moroccan idea to create a union of the large countries of northwest Africa which would avoid many obstacles?

[Answer] I sincerely believe that the problem blocking the unification of the countries of the Arab Maghreb Africa is an imaginary and unreal problem. I think the existing secondary problems can be solved because they are all marginal. That is why when we place the unification of the greater Arab Maghreb on one side and the secondary problems on the other, we find that the matter requires a courageous decision on the part of the officials in the Maghrebian order or leaving the matter up to the Arab Maghreb peoples. I am completely confident that if the matter were left up to the people, they would say that the union embodies the highest of goals.

[Question] The Franco-Libyan agreement on simultaneous French and Libyan withdrawal from Chad was mediated by Morocco. It was the first fruits of the unionist creation. Now there is talk of a Libyan-Chadian summit under Moroccan auspices. Is there a trend of this kind and what do you think the situation will be like in the future?

[Answer] We in the Jamahiriyah do not have our own position on the Chad issue. The fact is our position is based on our having borne a heavy load because of the Chadian civil war to liberate the country from foreign domination and the dictatorships of military men that followed one another since independence. They bet its future on foreign power. The burden is long-standing and it preceded the revolution. As a neighbor we are bound to Chad by historical and social ties so that we must help it. We, therefore, applied pressure in behalf of national interests until the OAU adopted our viewpoint. It was at the Lagos meeting that the warring groups in Chad and the groups under the Frolinat banner, which fought the fascist regime in Ndjamen, agreed to a solution. They made the arrangements and signed the agreement with the existing government for a nationalist solution on the basis of a transitional stage permitting a return of the refugees and a return of the water to its natural channels by the time the national elections are held when the Chadian people are to be reunited. At that time or after the nationalist government under President Goukooni Oueddei took over, Minister of Defense Hissene Habre rebelled and was not pleased with all the groups participating in the government nor did he approve of the method of national conciliation. He apparently was thinking of seizing power. Libya defended the legitimate government in Chad and still does. In our opinion, the right solution is to go back to the starting point, that is, the Lagos agreement.

[Question] In his address to the legislative body of the union, the Moroccan king focused on the call to broaden the union and add more countries to it. Are any efforts being made within this framework by one or more countries likely to subscribe to the Oujda accord?

[Answer] The fact is the unionist organization adopted the recommendation to intensify its efforts and contacts in order to broaden the union. Broadening the union has been undertaken since the signing of the Oujda accord. Calling it the Arab-African Union reflects the desire that such a union strengthen both Arab and African unity. We are Arabs and Africans at the same time, and what benefits Africa benefits us as Arabs and vice versa. I think, therefore, that it is not impossible for states like Senegal, Mauretania, Mali, Niger,

Chad, and Sudan to join since they are Arab and African states at the same time. I believe the way to solve Sudan's problems in the south is for it to join such a union as this one because it can embrace Sudan both as an African and an Arab state, for Sudan is the true embodiment of the Arab-African Union. As for which state or states are candidates for the Arab-African union, it is difficult to predict because the matter depends on many circumstances both internal and external. However, I believe Arab and African states will soon join the union. This union, which has survived a year despite the bets that it would fail, can attract Arab and African states especially after the coming meeting of the supreme executive committee of the union, "council of Moroccan ministers, and General People's Committee in Libya" where the recommendations of the competent councils will be implemented. They will reflect great economic, cultural, and scientific cooperation between the countries.

[Question] There have been many rumors about the visit of the Moroccan ruler to Libya, some of them even specifying the actual time. But it has not been made and in fact has been postponed many times. As far as you know, has the visit actually been scheduled and were you aware of the series of postponements, and why? And do you believe it to be important now?

[Answer] It was decided to hold a meeting of the presidential council this year in Tripoli and the date for it was in fact set. However, it was delayed by circumstances mostly those serving the union and its interests. They were not circumstances affecting Morocco or the Jamahiriyah alone. What happened is that activities were undertaken on behalf of the union and these had to be done before the meeting. These circumstances took more time than was anticipated and so the visit was postponed several times. I believe that the meeting between King Hasan and Colonel al-Qadhdhafi has become necessary and that it will be a powerful stimulus for the union and its institutions as well as a greater stimulus for cooperation between the institutions as well as a greater stimulus for cooperation between the institutions in the two countries indicating that very often circumstances and the interest of the union require us not to look upon the meeting as a goal in itself, for the goal is the results that the meeting must produce for the institutions of the union and its future. Nevertheless, whether the meeting is held or not held soon, mutual understanding and continuous contacts between the two leaders and the contacts between officials and institutions will continue strong and without the slightest hesitation.

5214/12795

CSO: 4504/120

LIBYAN ROLE IN MURDER OF TWO SWEDISH JOURNALISTS EXPOSED

Stockholm SVENSKA DAGBLADET in Swedish 16 Dec 85 p 5

[Article by Ingmar Lindmarker]

[Text] The two Swedish journalists who died in Uganda in 1979 were shot to death or executed by Libyan soldiers at the instigation of the inhabitants of a fishing village on Lake Victoria where the Swedes had landed. They were not murdered on the order of Idi Amin or the army.

This is the claim of the British born Bob Astles, known as dictator Amin's right hand, in an interview with SVENSKA DAGBLADET's London correspondent.

Karl Bergman of SVENSKA DAGBLADET and Arne Lemberg of EXPRESSEN died in April 1979. They took a boat from Kenya to the Ugandan village of Katosi with the intention of describing war-torn Uganda from within.

Astles has previously been linked to several murders of whites in Uganda under the Amin regime, including that of the two Swedes and of the two German newsmen who died with them. On Saturday, however, Astles, or Major Bob, as he is called, denied any connection with the act.

He came to London last Sunday after having been released the week before from prison in Uganda. After Amin's fall, he fled to Kenya, only a few days after the murder of the Swedish journalists. From there he was extradited and spent six years in Uganda's best guarded prison, Lusira.

Wants to Clear Himself

In a suburban villa outside London, he reported in detail, together with map sketches, everything he claimed to know about the killings in Katosi. Astles intends by means of a book and film to try to clear himself of all accusations so that he may regain British citizenship.

From prison he was able to smuggle out documents and confessions he will use to prove his innocence. During the interview he said he feared for his life and knows of assassination plans of the circles he intends to expose.

Astles' version of the events in Katosi is based, according to his statement, on a witness from the Ugandan police who saw the murder and on city and district authorities, as well as on the security police in Kenya.

Bergman, Lemberg, and the two Germans were brought, according to Astles, over Lake Victoria in the open boat of an unknown Kenyan criminal and smuggler. He put them ashore in Katosi with the full knowledge that they would get into trouble. They would have had a better chance of surviving if he had taken them to the port of Kignaga somewhat farther to the east.

A Nest of Smugglers

According to Astles, Katosi has about 500 inhabitants and was at the time of Amin a nest of smugglers, mainly of Ugandan coffee. The illegal income amounted to millions of dollars.

At dawn the Europeans were surrounded by menacing villagers who thought they were mercenaries after their money and property. Foreign mercenaries had previously sought enlistment in the war between Uganda and Tanzania. Amin's soldiers ravaged and plundered, according to Astles, in the area some 30 kilometers east of the front line at the time.

The city elder, who had the rank of Muluka Chief, sent a representative to a crossroads north of the village to alert the army. The messenger was able to stop a patrol consisting of three Libyan soldiers, a Ugandan soldier, and a Ugandan policeman.

The policeman took off his uniform jacket so he could not be identified and bicycled the three kilometers to the village. The Libyans were ordered to stay at the crossroads, but soon afterwards a group of excited villagers arrived. They shouted war cries and warnings about mercenaries, and lured the Libyans to the village. According to the police, all the villagers thronged around the four Europeans. The soldiers understood neither English nor any Ugandan language.

Taken for Mercenaries

Astles says that the policeman reported that one of the journalists, who were taken to be mercenaries, tried to flee in the face of the crowd's extremely hostile attitude. The Libyans immediately opened fire with automatic weapons and mowed down all four.

According to Astles, the Ugandan policeman, who is still alive, is very reliable. But he says he doubts the reports that the soldiers shot at a journalist trying to escape with hundreds of villagers swarming around.

Instead, he believes that the villagers placed the four Europeans against the wall and incited the Libyans to execute them. Astles calls the Katosi villagers criminals and devils who were obsessed with the idea of killing and plundering the whites.

In the afternoon of the same day the village elder came with the district's highest representative with the rank of Gombdola Chief to Bob Astles' farm in Lwafu, about 13 kilometers west of Katosi. They reported that some white mercenary soldiers had been shot in the village and that they were afraid of trouble.

Ordered the Burial

Astles ordered the bodies buried in shallow graves near the edge of the lake. Under no circumstances were they to be shown or turned over to the army.

The natural thing for the villagers, who feared reprisals, would, according to Astles, have been to burn the bodies or to throw them into the nearby marsh. "But I am a man of integrity," he added, "and wanted to have them buried."

Later that evening, Police Inspector Alex Gahima reported to Astles that hundreds of people had flocked to see the dead Europeans. It was then reported that four mercenaries had landed and dug themselves in at the beach.

About the same time, Uganda's radio reported that some mercenaries had been arrested at a roadblock in Kisoga, a few kilometers northeast of Katosi. Astles says that he took this to be the first attempt of the authorities to cover their tracks.

Fled the Day After

It was reported earlier that Karl Bergman and Arne Lemberg died 6 April. Astles now says that he believes the murders took place after 8 or 9 April. He himself fled to Kenya 10 April and thinks he remembers that the events took place the day before, or shortly before, his flight.

Astles landed in Kisumu in Kenya 13 April. He says that in a conversation with Inspector Kell of the Kenya security police he learned that four Europeans were hurt after having attempted to land in Uganda. Astles connected the report with the murder of the suspected mercenaries in Katosi and says he gave all the information to the Kenyans. "If I had not told where the graves were," he claims, "no one would have found the bodies."

Smuggler Arrested

According to Astles, the police in Kenya later arrested the fisherman smuggler who had taken the journalists over Lake Victoria. He says that while he was in prison in Uganda he got details he is now making public from a police officer. But it was only after his arrival in London that he heard that two of the journalists were Swedish.

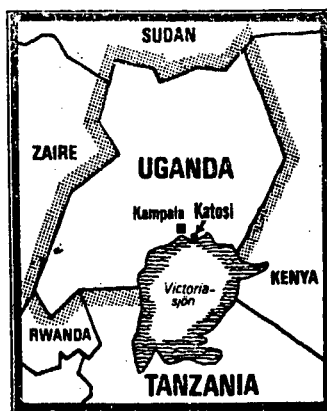
The statements in Bob Astles' version can hardly be checked. He places most of the guilt for the incident on the village leaders and the villagers in Katosi.

Small Chance

At the same time he says that the journalists had very little chance of escaping alive once they landed in Uganda. They would have been shot down, he claims, at the first roadblock as soon as their boat was discovered at Lake Victoria.

Astles says he can guarantee that no order came from above to kill the four. He was the only one, he claims, who, in the chaos, could give such an order. If the journalists had been brought to him, he would, he says, have tried to save them by taking them along to Kenya.

Astles also states that at the time of the murder of the Swedes and the Germans he had long since been out of Amin's favor. He says that as a matter of fact they were at war with one another. Several times earlier Amin had tried to murder him, and Astles had been forced to fly out of Uganda, only to return after the dictator had calmed down.



It was in the little fishing village of Katosi where the four journalists landed after sailing across Lake Victoria with a Kenyan smuggler.

9124

CSO: 3650/100

DISTURBANCES BETWEEN DESTOURIAN, ISLAMIST, LEFTIST STUDENTS

Tunis AL-SABAH in Arabic 3 Jan 86 p 2

[Text] We have learned that last Friday, violent incidents occurred in the Faculty of Arts between Destourian students, and leftists and Islamists. What happened was that a female Destourian student who is a member of the Destourian student executive bureau was recently subjected to harsh treatment by a group of her assembled colleagues. Last Friday evening a female Destourian student who was accompanied by a male colleague was subjected to harsh treatment while she was hanging a poster. A violent scuffle occurred between Destourian students, and between Islamist and leftists students, which led to a number of wounded who were transported to the hospital. It seems that a large number of the involved students are under arrest.

According to Destourian student circles, some excesses took place between the Dean of the Faculty and Destourian students. This is attributable to the presence of unregistered students in the faculty. The dean was not certain of their identities.

Some excesses took place and it seems that classes in the Faculties of Arts on April 9 Avenue and in Manouba are suspended. It was not possible to contact the dean yesterday due to his chairing a meeting in the company of the faculty staffs.

We have learned that the strike movement continued in the Faculty of Law and the Faculty of Political and Economic Sciences in Tunis and that the students, after having recently struck against what they call the "Ben Dhia Plan" resumed striking to commemorate what they call the 3 January events.

We have learned that the deans of the three faculties in the university complex, the Faculty of Law and Political Science, the Faculty of Science, and the National School for Engineers met yesterday morning and made a collective decision to close them until tomorrow.

We were informed by the Dean of the Faculty of Science that the strike movement has become grave and has reached an unbearable limit, that about 20 percent of the classes have been canceled as a result of the continuation of the strikes, and that the question has been submitted to all of the faculty staffs for examination by them from the aspect of the continuation of the strike movement.

Informed circles in the Faculty of Law told us that the administration has made a decision to close the faculty in coordination with the Faculty of Science and the National School for Engineers and that the faculty staffs are submitting reports on the conducting of classes and on conditions in the faculty to the ministry in charge. However, the strikes in this faculty, in contrast to those of past years, have not reached the level of gravity noted in other parts of the university. However, the Academic Council is keeping an eye on the situation.

A student procession originating in the Faculty of Arts, was noted in the streets of the capital.

/8309

CSO: 4504/166

STUDENTS CONDUCT HUNGER STRIKE IN SFAX

Tunis AL-TARIQ AL-JADID in Arabic 14 Dec 85 p 4

[Article by Fathi: "What Is Going On in the Faculty of Administration and Economic Sciences in Sfax?"]

[Text] The Faculty of Administration and Economic Sciences in Sfax, since the beginning of the academic year, has been experiencing serious problems and undergoing a continuous crisis which has greatly affected the normal conduct of classes. In fact, classes were recently cancelled altogether and the staff and employees of the Faculty were forced to stop working and remain inactive after the students--who total more than 2,000--staged a continuous strike which was crowned by a hunger strike to the end by 11 of the students.

AL-TARIQ AL-JADID got in touch with the students who were on strike and conducted a dialogue with them concerning everything related to the strike. Here are the results of that interview:

Who Is Responsible?

"We insist on entering the phase of overt action in the university after previous periods of inactivity," and "we are striving to have this academic year be a year for focusing political party activity"--these two statements sum up the matters preoccupying the minds of the members of the Destourian Students Organization, according to a semi-official publication. It was reasoning and ideas of this type which served as a prelude for soldiers of the militia entering the university campus after classes had been going on for only 11 days. The soldiers of the militia put up a bunch of signs and posters and they also inflicted injuries on a number of students. The immediate response of the students was to instantly stage a strike in protest against this intervention by foreign elements which have nothing to do with the university and whose only objective was to impose the status quo by means of using force. The university professors also rejected the action undertaken by the militia and expressed their disapproval of the violence and those who carried it out.

This was the prelude to the events, and at that time it was possible to turn over a new leaf, to have all the parties involved commit themselves to respect the university and reject the use of violence on the part of any party, and to have the parties engage in a constructive dialogue. However, the tension created by events once again caused the situation to become complicated. The dean took the step of issuing an order which forbade public meetings and the putting up of posters and submitting petitions. This was something which the students considered to be an infringement upon their freedom and an attack upon the rights which they had acquired. Consequently they decided to boycott classes until the dean reversed this step which he had undertaken. But the dean decided to move in another direction and he closed the Faculty of Administration and demanded that the students re-register for the new academic year.

When classes began to be held once again on 4 Nov 1985, the situation was such that the crisis was going to explode again. Seventy-six students were prevented from registering because they had been labelled as "trouble-makers" and cases began to be prepared against them, and 38 other students were not allowed to attend classes since they had been drafted in the southern part of the country after being arrested during the first days of the strike. The other members of the student body declared their support for the rights of their colleagues to register for classes and declared themselves in favor of allowing the drafted individuals to pursue their studies. They considered that these repeated infringements on their rights created circumstances which made it difficult for them to pursue their studies and which constituted an encroachment upon their dignity and a violation of their legitimate rights.

Faced with a lack of response to their appeal concerning their colleagues and because they decided that it was necessary to "escalate the conflict," a group of 11 students began staging a hunger strike on Monday, 2 December 1985 "in response to procrastinations by the administration."

AL-TARIQ AL-JADID Interviews the Hungerstrikers

While songs by Shaykh Imam were being played, I met with a group of the strikers, after some ordinary procedures had been completed, and I asked them some questions. One of them said that they were staging the hunger strike, which he considered to be the highest form of combat, because they were adhering to their legitimate demands and the gains which had been achieved by the student movement. He also welcomed the solidarity shown by the masses of students and urged them to give further support, especially since this movement of theirs was not being guided by any political trend and because the source of it was the rank-and-file students themselves.

As for the role played by the General Tunisian Students Federation, the issue concerning whether or not it would sanction the strike, and concerning what the secretary general said about the federation being responsible for solving the Faculty of Administration's crisis by virtue of its acts of intervention and the initiatives which it had undertaken, one student had the

following remarks to say: "Since the beginning of the events which have taken place, there has been consensus and agreement concerning our legitimate demands as far as all politically-sensitive people and persons not belonging to the ranks of the students are concerned. Our struggle has taken place under the supervision of the Committee for Following Up on Events, which was formed when the crisis first began. Representatives of 'the Islamic Trend' [al-ittijah al-islami] were represented in this committee. This is something which promoted student unity and agreement as far as what the conflict was about. But this latter element withdrew from the committee and the Islamic Trend began to undertake its own initiatives and ignored the consensus of the group. Under the banner of the Tunisian General Students Federation, the students belonging to the Islamic Trend undertook the step of meeting with the minister of higher education when he visited Sfax, and they did this without being authorized by anyone. They also organized a referendum, which was undertaken in response to their proposal, dealing with going back to classes on 19 November. Only a small percentage of students took part in this referendum. In fact, only 522 students took part, and 93 of them refused to go back to classes. We should bear in mind that those students who rejected the principle of the referendum boycotted it."

Another student said: "The actions and struggles of the rank-and-file students have taken place under the supervision of the Committee for Following Up on Events. Lately one is able to notice the militant and committed spirit which the hungerstrikers have demonstrated and the high morale which they showed on the fourth day of their strike."

It was at this point that my dialogue with the students ended.

The thing that increases the crisis nature of the situation, in addition to the dean's rejection of the demands of the students, is the fact that there is no structure by means of which a dialogue can be carried on and a decision can be reached which could involve the participation of all of the parties, including the dean, the professors, and the students who are represented by the Academic Council which has never held a session due to legal reasons. If such a session had been held, it could have been possible to decrease the intensity of the crisis because people would have been thinking, as a group, how to reach suitable solutions. However, the dean never wished to include the **other** parties when reaching decisions concerning the university and when conducting the business of the Faculty. For this reason, it appears that no relief is in sight for the situation in the near future.

On Thursday 5 December the dean issued a statement in which he demanded that the students give up their strike and go back to classes, and if they did so, a dialogue would be held with them concerning their demands. The statement also affirmed that the professors would be involved in running the affairs of the Faculty and reaching decisions concerning it.

The reaction of the striking students was to issue a statement on Friday in which they once again said that they were sticking to their demands that those students who were drafted be brought back to school immediately, that the cases being prepared against the 76 students be withdrawn, that guarantees be provided to these students so that some of those who have had cases prepared against them not be brought before the Disciplinary Council, and, finally, the demand to include a discussion of the basic code in some form or other if the Academic Council problem is settled.

Apparently the crisis has become aggravated once again. On Monday 19 December the Faculty of Administration was surrounded by a large group of policemen and the students were then evacuated and the Faculty was shut down. It was also possible that a decision had been reached to shut down other academic institutions such as the National Engineers School in Sfax.

9468

CSO: 4504/138

TEACHERS STRIKE IN SUPPORT OF UGTT

Tunis AL-TARIQ AL-JADID in Arabic 14 Dec 85 p 6

[Article: "Higher Education Teachers Carried Out the 10 December Strike"]

[Text] The university personnel, both the professors and researchers, carried out their nationwide strike on 15 December 1985. The strike was staged in order "to abolish the administrative isolation imposed upon Mr Habib Achour, the secretary general of the union, to bring about the release of all those who had been arrested, to suspend the legal actions being brought against them, to return those who had been fired from their jobs to the jobs which they had previously held, to evacuate the union centers and return them to the hands of the national and local unions which constitute part of the UGTT [General Tunisian Labor Federation], and to enter into negotiations concerning both the immediate and long-range demands of the union and the workers."

On the occasion of the strike, a general meeting was held which was chaired by the Executive Bureau of the Higher Education and Academic Research Union in order to evaluate the strike which had been a total success in most of the faculties and higher institutes. After those attending the meeting had had a chance to make a study of the latest developments, they gave their support to the contents of the declaration issued by the Staff Council on 7 December 1985. This declaration included the following:

"1. We consider that the decision to dismiss Mr Habib Achour from his position as secretary general of the federation is a decision which was at variance with the positions expressed by the various organizations within the federation and is at variance with the text of the declaration of the administrative body issued on 7 December 1985 as well as the text of the declaration issued by the administrative body of the Governorate of Tunis which was issued on 23 November 1985. We also assert that there was no justification for this change being made under present circumstances, and that this was only done because the authorities wished to intervene in the affairs of the federation. This is something which is rejected by every member of the union who adheres to the principles of the federation, the independence of action undertaken by the federation, and the freedom of the union members to determine their own policy.

"We consider that the decision made by the Expanded Executive Bureau was one which was issued only under pressure and compulsion by those who were exerting their authority over the federation and its legitimate leaders and organizations, and consequently we believe that this decision was not at all a democratic one. We consider that this represents a challenge to a decision made by a congress and we demand that the Executive Bureau of the federation review its position.

"2. We consider that the continued imposition of house arrest on Mr Habib Achour, the secretary general of the federation, represents an action which is in violation of his most basic union and democratic rights, has the objective of removing him from the arena of union activity, and constitutes a maneuver being waged against the federation. The union cadres also express their continued readiness to wage their struggle until this arbitrary decision has been reversed.

"3. We affirm the fact that we totally reject recognition of the committees which have been appointed, we declare that we will not cooperate with them in any form, and we assert the fact that we are boycotting all union activity which is either supervised by these committees or in which these committees participate. This is because these committees have no connection at all with the work done by the unions, nor with the UGTT.

"4. We reject any process which aims at the establishment of the so-called Emergency Congress which has the ultimate aim of imposing its will and the will of those cooperating with it on the federation and its organizations. We express our commitment to the normal conduct of activity by the union organizations in accordance with the bylaws and constitution of the UGTT.

"5. We support the struggle being waged by workers in all sectors and governorates [of Tunisia] in defense of the federation and the independence of its policy. We also express our readiness to continue the struggle and to continue our steadfastness in the face of all those who wish to intimidate our organization and force it to knuckle under and to deal a blow to the demands and aspirations of the workers.

"6. We demand that immediate negotiations be initiated with the union regarding the organization of the university in compliance with the agreement signed by the two parties and that it be included in the debate dealing with educational options and solving current union and professional problems."

Those present also sent a telegram to Mr Habib Achour in which they expressed their "support for the courageous positions which he has taken," "their determination to continue the struggle in order to abolish the oppressive measures which have been imposed upon him," and "their adherence to all the legitimate parties and organizations of the basic labor union, up to and including the secretary general of the UGTT who was elected to his post during the union's 16th congress, in accordance with the basic principles of the federation and the independence of its policy."

NATION'S 'PERSEVERANCE' IN WAR EXTOLLED

London AL-DUSTUR in Arabic 16 Dec 85 pp 35-38

[Article by 'Abd-al-Wahhab al-Qaysi: "Iraq Has Demonstrated a New Theory of War Economy"]

[Text] One of the most prominent characteristics of the Gulf war is that it has brought an experiment in development to prominence and has created strategic balance between development and war in Iraq. This phenomenon has dominated the attention of economic and political observers, and Dr Sa'id al-Mahdi, who has a doctorate in industrial management, has explained it to AL-DUSTUR through this conversation.

AL-DUSTUR: How do you view the economic situation in the light of the war, the role of the private sector in the development process and the role of planning in this experiment?

Dr Sa'id al-Mahdi: There is no doubt that the industrial sector in Iraq as a whole enjoys the support of the political leadership, and continuous support from the president and commander and his directives in the first place, since this is now one of the important sectors in Iraq. We can say that this sector has very special importance for the process of Iraqi development. Throughout the years which have followed the glorious 17-30 July revolution, the industrial sector has covered essential, vital stages, making this sector one of the basic foundations for attaining the goals of national development and economic independence in the country.

The main reason why this sector has been helped to proceed on the sound, proper course sketched out for it from the beginning has been our president and commander's followup of the progress of work in this sector, his thinking and his diagnoses of the components of the development of industry in our country. This sector has also taken up a large share of Iraq's economic policy; when the political report for the party's ninth regional conference was set out, the report devoted special attention to support for the industrial sector in the country. There are the words of our president and commander, when he made his statement (footnote 1), which was cited in the central report of the ninth regional conference (footnote 2), and the president and commander has stressed on many occasions that dealing with private

activity in the theory of the party, through socialist thinking, is for this sector to have an active, practical, historic role and be a sector integrating the socialist sector in the Ba'thist notion.

There is no doubt that the role of the private industrial sector in the national development process has been prominent. This role has stood out particularly in the years of the war, since this sector has performed the national and domestic duty of supporting the Iraqi economy, providing all commodity accessories and supplying essential commodities. This sector has not hesitated effectively to participate in the battlefronts and make contributions and increased production. These positions have given concrete form to the leading party's theory of the need to have this sector in the national development process, and has given an example and bright picture of the Iraqi individual's nationalistic education. This transformation has been an inevitable result of the development which has occurred in the construction of the new Iraq and the new Iraqi.

The figures give a clear picture of the great upsurge in the private industrial sector. Industrial projects came to no more than 4,000 before the 17-30 July revolution, the number of private industrial projects after that rose to 45,000 by the end of the first half of 1985, and total investments in these projects came to 230 million dinars, whereas before the 17-30 July revolution they did not exceed 3.6 million dinars. The revolution codified many laws for this sector's resurgence, so that it could serve the course of economic independence, most recently Industrial Investment Law 115 for 1983. The old law did not allow the construction of industrial projects in which investment totalled more than 300,000 [dinars]; however, the new industrial investment law emerged to realize the aspirations of the revolution, since it became possible for the maximum capital of corporations to be 7 million dinars, limited companies 5 million dinars and individual projects 1.5 million dinars. This is clear proof of the revolution's attention to this sector.

AL-DUSTUR: How has the development plan in Iraq been authorized in the context of 5 years of war?

Dr Sa'id al-Mahdi: The course of development in the country has not halted since the unjust Iranian aggression of 1980. The Iraqi experience during the years of war has been a unique one, seizing the views of economic experts in the world and becoming a subject of study in many economic institutions and universities in the world, since development activity, its continuation and the results it has reached have been a surprise to everyone except the Iraqis and the Iraqi leadership. Indeed, it has been a surprise to the colonial agencies and all enemies who have been waiting for the hour when Iraq would declare that the development process was being suspended. The shock was very great to the enemies, since all problems were handled in scientific ways and with a unique wisdom and boldness which left no negative effects on the development process in the country.

Today we are telling the world that our economy is standing on strong, firm foundations to respond to the demands of the war and construction.

The glorious Iraqis have with the utmost determination and will faced every challenge and have been worthy of it.

The major credit goes to the wisdom of our president, his philosophy and his sagacity in all areas. Iraq has proved that it is a people able to build and fight in defense of their people and soil.

During the course of the war, the Iraqi citizen has noticed no negative indices or prominent points in his everyday life, aside from very small categories of absolutely unessential commodities, which basically the Iraqis have not hesitated to do without even when they were available before the war. Everyone believed that the war economy would lead to a halt in the progress of national development in the country, in accordance with a theory based on the experiences of previous wars which were contained in books issued on this subject to prove the veracity of this theory.

However, Iraq has demonstrated the opposite of this theory to the world and given a new portrait of perseverance, struggle and sacrifice.

The Iraqi experience has proved without a doubt that war and development are not two contradictory elements and that the past years of war have not affected the continued development process in the country; it is because of this that attention has been given by economists throughout the world and they have been influenced by this new experience. While there have been queries concerning the way this stable condition of the Iraqi economy has adapted to the circumstances of war, it is necessary to point to the factors which were behind the success of the experience, among them, and one of the first of them, being the directives of the president and commander and his wisdom in this area, the ongoing, sincere, unremitting activity of the political leadership, ministers and officials, the complete understanding and sacrifice which all the sectors of the people have offered and many other factors. This experiment has given a most brilliant picture of solidarity between the people and the leadership and among all military, industrial, agricultural and other sectors.

AL-DUSTUR: What is the secret of the development activity Iraq is witnessing in the context of the difficult circumstances?

Dr Sa'id al-Mahdi: As I mentioned above, the secret is the fabulous solidarity between the people and the leadership. This solidarity offers a complete explanation for this secret. The whole world has witnessed that the development process in Iraq has not stopped during the years of the war, contrary to what has happened to all the countries that have undergone long wars. The Iraqi experience has now become a model which many countries of the world will imitate when they face this sort of circumstance in the future. We can say that this is not to be considered a secret but has become a splendid heroic symbol which history will mention most proudly and gloriously.

AL-DUSTUR: Iraq has raised the slogan "agriculture is oil that lasts," and is planning in the future to turn Iraq into an agricultural country after the oil runs out. How do you evaluate this agricultural economic state of

affairs in the context of the war? Has anything been jointly produced by agricultural and industrial growth during the difficult years of the war?

Dr Sa'id al-Mahdi: Just as the industrial sector has had a major share of the president and commander's attention, the agricultural sector for its part has been one of the objects of the political leadership, so that this sector's output may rise and be an alternative to oil for coming generations. The codification of many laws has occurred since the 17-30 July revolution burst forth. the agrarian reform law and the latest law on agricultural investments have all been significant signs of the extent of the revolution's attention to this sector.

The agricultural sector has witnessed great resurgence during the war period, which is proof that Iraq will not hesitate to use all its resources to preserve its identity and independence in all circumstances. Agricultural production has risen at great, tangible rates during the war years. The availability of agricultural commodities in the market is something any observer can note, in spite of the noticeable increase in buying power and the increase in the consumption of agricultural goods during the war period. Agricultural products are not just available -- some of them are exported.

There is no doubt that before the 17-30 July revolution agriculture was lacking in scientific bases and mechanization; however, the attention focussed on this sector has turned the agricultural sector into an equivalent of the industrial sector in the country. The years to come will prove the extent of the step this sector has taken toward serving the Iraqi economy and building the foundations for coming generations.

This sector has initiated firm cooperation with the industrial sector, making agricultural processing, "agro-industry," one of the concerns of the government and large segments of the people. As we have said, Iraq will realize its independence in all areas and will realize self-sufficiency through the wisdom of the historic commander and the people's understanding and enthusiasm for continuing the course sketched out for them.

AL-DUSTUR: Can the process of agricultural and industrial development in Iraq make up for oil revenues in the future?

Dr Sa'id al-Mahdi: This is something about which there is no doubt, because there are advanced countries in the world which do not have oil resources or mineral resources, aside from agriculture and industry, and whose economies are prospering in spite of that. Assuredly a people like the Iraqis, who have established a new theory regarding war economy for the world, are able to achieve such a goal. God willing, with the Iraqis' physical strength, we will come to the day when agriculture and industry will be a substitute for oil. This day is near at hand and is coming.

AL-DUSTUR: Many industries have been established in the context of the war. Did planning for them exist before the war?

Dr Sa'id al-Mahdi: When we talk about the accomplishments of the glorious 17-30 July revolution and the gains this revolution has offered the Iraqi

people, you should not be surprised that, as this brilliant new dawn in the history of Iraq has spread since the outburst of the revolution, there has been new self-sacrifice. Proceeding from this state of affairs, nothing you hear about Iraq is expressive of a haphazard state of affairs or is a media or defensive device; rather, it is in fact an inevitable result of the Arab Socialist Ba'th Party's goals and the goals of the people's revolution, the revolution of 17-30 July. When we talk about the revolution's achievements, we always stress that the great, distinctive role belongs to the president and commander, Saddam Husayn, and the everyday experiences and facts by which we perceive this brilliant picture of our beloved Iraq have stressed this, because our commander never has been remote from the people and the people's aspirations or remote from the economy and this economy's components. Indeed, ours is the strategic and tactical commander of many economic operations. This is what we have observed through our interpretation of the diagnosis cited in the central report to the ninth regional conference. President Saddam Husayn was the principal reason for the historic oil nationalization decree and the principal planner of the process of comprehensive development. He was the man who propounded the idea of setting out the strategy of exploiting the atom and atomic research for peaceful purposes. He has been the principal manager of the Iraqi economy since the start of the Iranian aggression against our country. Therefore the development which has taken place in industry, in particular the industries which have arisen in the context of the war, has not constituted transitory industries or industries for war components; rather, it has been part of a general policy which has been guided and planned for in accordance with the goals that have been sketched out. If its timing coincided with the war period, that does not mean that it will end with the end of the war -- indeed, to the contrary, as I said, it is part of the national development plan, which has not been influenced by the effects of the war. Indeed, this development process has continued during the war period and will continue as it had been planned to.

AL-DUSTUR: What is the level of relations between Iraq and the Arab countries in the area of industrialization?

Dr Sa'id al-Mahdi: The most important goal our party, the Arab Socialist Ba'th Party, is trying to achieve is Arab unity. Since the party's philosophy is founded on the effort to realize this goal, which is the hope of the Arab nation, it is natural that Iraq should work to bring about the elements of such Arab unity. Since the economy is one of the main elements for realizing this goal, Arab industrial integration is one of the pillars of the attainment of Arab economic unity and also of the construction of an independent Arab industrial base in a manner serving the interests of the Arab nation in this field. Iraq is always earnestly competing to take part in Arab projects Arab countries propose. There is no Arab industrial project in which Iraq has not been one of the first participants, in addition to the organizations which are concerned with the industrial affairs of integration. Iraq takes part in many organizations in an effective, leading way, and, proceeding from the national goal which makes it inevitable that the way will be paved for Arab industrial integration, Iraq has codified the Arab investment law, by virtue of which it has permitted Arab investments in the country and the provision of many benefits for realizing this goal. In addition to this, Iraq treats every Arab who wants to invest in Iraq as an

Iraqi investing in the industrial area. It has also permitted Iraqi investors to work in Arab countries and has also permitted Iraqi investors to establish industrial projects in the Arab countries. All these decisions have been an assertion of the responsible nationalist role arising from the essence of the party's thinking and philosophy in the area of the Arab nation's economic integration.

AL-DUSTUR: Have Iraqi industries started competing with foreign ones?

Dr Sa'id al-Mahdi: Iraq is a newcomer to the industrial revolution, as we mentioned above. Iraqi industry before the revolution was confined to heavy industries which the government established and small industries which the private sector ran. No industrial base and no scientific foundations by which the industrial process could be organized in the desired manner existed. What happened, rather, was that when real industry started in Iraq after the revolution and the way was paved for the socialist and private sectors, the notion of establishing the mixed sector emerged. This sector enjoyed great support from the leadership and became one of the very successful sectors in this area. Mixed industrial companies have proceeded to establish important projects such as the electric, electronic and household industries and other industries to cover the Iraqi consumer's needs. This sector, before the new legislation, lacked the requisite flexibility to take charge of the industry assigned to it. However, the continuous support and flexibility these mixed companies have received have put them in a position which allows them to compete with foreign industrial products in the markets. Anyone who sees these companies' products in the foreign markets can observe and sense this. As far as the private sector goes, the government has put emphasis on turning this into a developed industrial sector which is in harmony with new technology so that it can compete with foreign products. The task of overseeing private sector industry has been assigned to the department of industrial surveillance and the government has set out rules which will have an effect in developing the type and production of industrial goods competing with imported ones. The political leadership has devoted its attention to this aspect and has encouraged all industrial sectors to be attentive to quality so that Iraqi products will be able to win the trust of the Iraqi consumer. Industrial surveillance has been imposed through laboratories concerned with quality control and constant oversight of industrial products, as well as the laboratories present in the industrial projects in the three socialist, mixed and private sectors. This causes us to assert most confidently that in their totality Iraqi products compete with imported products in terms of type and price. We are continuing along this road and promise the leadership and the people to turn toward what is best, so that we can realize our goals, aspirations and ambitions for economic independence through the industrialization process.

AL-DUSTUR: What are the future perspectives for development in 2000?

Dr Sa'id al-Mahdi: Day after day, the Iraqis' responsibility is growing many times over and participation is requested from every Iraqi devoted to the construction of a strong new Iraq. In order for us to guarantee our future generations a stable life, and in order for history to mention the role of all Iraqis in the era of the president and commander, Saddam Husayn, we must

work with all our strength as long as the circumstances facing us encourage that, and we must accept the challenge. This is what the president and commander has taught us in all fields, so that we can be Iraqis in all circumstances and all eventualities.

Our development activity began before the war and after the revolution. In spite of the heavy legacy the defunct eras left us, we managed, through the wisdom of our commander, to work our way in the direction sketched out for us. The war came and the development process was not suspended -- rather, it continued and still is continuing in spite of the difficulties and in spite of all the conspiracies, starting with the Iranian aggression of 1980 to paralyze our development activity, the Syrian regime's positions in closing the pipelines and the Zionist raid on our nuclear reactor to limit our progress and development. In spite of the imperialist conspiracies and schemes, vindictive persons and people who are Arab by nationality, we are still the children of the 17-30 July revolution and are still all Saddam Husayn. We will never permit any obstacle to stand in our way. We have done and performed much. We have opened new pipelines, have raised agricultural and industrial production, have learned perseverance and sacrifice, will continue with construction and will prove to the world that the Iraq of Saddam Husayn is different from the Iraq before Saddam Husayn. Let them go to the devil with their gamble!

After the past 5 years of war, it has become apparent that the Iraqi economy is stronger than it was and that the national development process is continuing. We have faced the schemes of attrition and have faced the conspiracies, and as our president and commander said at the celebrations of the 17-30 July revolution about 5 months ago, the Iraqi economic situation is now better than it was just 2 years ago. However, it has not measured up to Iraq's situation before the war. This is a natural result first of all of the existence of major requirements for our just war and second of the limited nature of oil exports because of the Syrian regime's conspiracy. However, these circumstances are temporary; God willing, after the opening of the first stage of the Saudi pipeline the construction of the second stage will take place, and that will be followed by the second stage of the Turkish pipeline and the new line over Turkish territory. The agricultural and industrial projects will continue, the new 5-year plan which we expect will be prepared soon will supplement the projects of the past 5 years and the Iraqi people will realize their goal, as embodied in Iraq's move into the ranks of the economically independent industrial countries before 2000, with God's help.

There is new proof of the solidity of the Iraqi economy and the attention and interest of the countries of the world toward Iraq. This proof is the great economic demonstration which took place at the Baghdad international fair, where more than 2,200 international companies and 63 countries took part. This is proof of the extent of the solidity of the Iraqi economy.

AL-DUSTUR: What is the role of your industrial projects in Iraq and their role in industrial development?

Dr Sa'id al-Mahdi: The fact is that I believe that industry in itself is an art like all others, because when someone enters into the area of industrial

investment he must first of all be devoted to the industry into whose field he is entering, so that he will be able to perform artistically in it. Industry is not just to be considered machines, raw materials and the production of industrial commodities. Rather, industry has its arts and sciences. However, I do not want to get into this discussion, because I will use up all the pages of the magazine explaining the art of industry.

However, I consider that entering into the world of industrialism means entering into the world of science, sacrifice and labor, because when a person invests his money in industry, regardless of his financial motives, he is building and establishing a great base in this area in order to serve his country and future generations, contrary to the person who invests in commerce, construction or activities with a rapid payout. Here when I talk about industry I mean the strategic industries which influence the industrial development process; I do not mean small industries or industries which depend on mixing or refining materials, although I am one of the people who support all types of industry for a simple reason, which is that starting any industry, whatever its type might be (assembly, installation, packaging or mixing) is in effect building primary foundations for future industrial horizons. The projects we are now managing are to be considered important, strategic ones in this country, by the testimony of the departments responsible for industries, the testimony we have obtained and the books that many organizations which value our industries have sent us (footnote 3).

Our companies are the Iraqi Spare Parts Manufacturing Company (a corporation with capital of 4 million dinars), which produces spare parts for cars in accordance with integrated scientific methods; the actual ratio of manufactures is 93 percent. This is one of the companies which will be producing materials supplying the project to manufacture cars in the country. There are 32 spare parts for cars of various types in our production program.

The other company is the Iraqi Plastics Manufacturing Company, whose capital is 2 million dinars; this produces plastic furniture and necessary requirements for citizens' needs. This company will also be manufacturing plastic materials which enter into other socialist and mixed sector industries.

There are other projects which have been studied and will soon be ready to undergo construction. Our companies have a great role in supporting the struggle by offering necessary products which in the past were imported. Soon the local market's needs will be met, hard currency will be provided and a start will be made toward exporting, God willing.

AL-DUSTUR: How do you evaluate your role in supporting the struggle?

Dr Sa'id al-Mahdi: Our company has a distinctive role in supporting the struggle. Although we are fully aware that our leadership has prepared all the components of the struggle, thanks to sound scientific planning, we have participated in supporting this struggle and aspire to help and offer support through all the resources that are available to us.

Our group of companies has donated more than 1.7 million dinars, taking the form of various donations in cash and kind, and we have received

commendation and thanks. Our companies have also taken a decision to pay out the salaries of all workers in the companies who have joined the ranks of fighting men at the full salary they receive in their jobs during their enlistment period. We have allocated an amount to the families of martyrs belonging to the company and even the salaries and bonuses of people who leave work for compulsory service, and have given preference in appointment to the families of martyrs in our companies.

Footnotes

1. When the oil runs out and the world turns to another energy substitute, we will not leave Iraq's land in ruins; rather, it will prosper and advanced industry, from the manufacture of needles to the advanced use of the atom for peaceful purposes, will progress within it.
2. Private activity is a vital part of the construction of socialist society, not because it is an existing reality but because we want it to survive. We want it to survive indefinitely, because we believe that without private activity it will exist on the same level as the activity of the socialist sector. Of course it has rules and laws, and is organized and guided. Without this, it is not possible to realize human happiness for man, which is the goal of socialist construction.
3. The decision to form an industry by name of the Ministry of Light Industries had a great effect in supporting industrial activity in the country. This ministry supervised and guided this industrial sector. Heading this ministry is a minister who is well-versed, has lived at close hand with the private and mixed industrial sector and has a great role in the success of these industries. In addition, there is the department of regulation and public aid, which supervises the private industrial sector and its guidance in a scientific manner, and preparation of the necessary requirements for this sector.

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INTERVIEW WITH YAHYA RASHID AL-JAF OF KURDISTAN

Baghdad AL-JUMHURIYAH in Arabic 31 Oct 85 p 5

[Interview with Yahya Rashid al-Jaf, head of the Executive Council of Kurdistan, by Radwan Fahmi 'Ali: "Head of Executive Council of Autonomous Region Says That President's Interest in Region Has Hastened Its Development"; date and place not given]

[Text] Since the outbreak of the glorious 17-30 July Revolution, the leaders of the party and the revolution have given an exceptional amount of attention to the autonomous region. President Saddam Husayn's visits to the governorates of the region, his investigation of conditions there, continuous meetings with its citizens, and attention to the progress of work and development there are among the many signs of this interest.

Attention was directed at developing the region at a rapid pace to bring it from a state of backwardness to its flourishing condition of today, which will be even better tomorrow, God willing.

The establishment of the organizations of self-government, after the promulgation of the law providing for them, is in the forefront of the revolution's accomplishments. On the international level, they are considered an outstanding revolutionary experiment with humanitarian dimensions and special exemplary Iraqi dimensions, bringing new ways of life in all of the best meanings of the phrase to our Kurdish people.

From these beginnings, the leaders of the party and the revolution have continued their support, to establish and develop this experiment, strengthen the progress of its organizations, and help them with everything that will make them a vital, radiant and effective force, as a wide arena for productive investment based on feelings of responsibility and proceeding from liberal administration.

To learn about some of the aspects of this new life and to find out what he has received from the revolution, what he has achieved, and what his plans may be, we met with Yahya al-Jaf, head of the Executive Council of the Autonomous Region. Our interview follows.

Ambitious Plan; Exceptional Efforts

[Question] What can you tell us about the details of the plan for 1985? How has work proceeded in spite of the wartime conditions?

[Answer] It must be confirmed as an indisputable fact that despite the circumstances of our just war against the aggression by the tyrannical group in Iran, the programs of development, service, and social projects are proceeding according to schedule, without cancellation or delay.

The 1985 plan was an ambitious one which included varied and diverse projects to meet the needs of the citizens of the region. The official agencies performed their duties admirably, completing the elements of the development plan according to schedule.

Thus one can say that the struggle for development at home goes along with our just struggle against aggression, which is aimed at development itself.

City dwellers are not the only ones to benefit from the revolution, for the revolution is for all Iraqis in every corner of the nation. Thus we see that the details of the national plan of development are distributed among the cities, districts, subdistricts and villages in the governorates of Irbil, Sulaymaniyah and Dahuk, with the aim of creating a developed socialist countryside and reducing the gap between rural and urban areas.

A group of projects has been carried out with this objective in mind, including the two-lane Irbil-Mawsil road at a cost of 1.5 million dinars; the Irbil-al-Kuwayr road, which was started in 1981 by order of President Saddam Husayn; a road feeding the tourist areas and the undeveloped villages of Shaqlawah, Diyana, Rawanduz and Mirkah Sur; and the 82-kilometer Dahuk-Ninawa road.

[Question] What other projects have been completed under the plan?

[Answer] In 1984, 48 projects were completed in the autonomous region. These included 15 implemented by the General Secretariat for the Administration of Municipalities and Summer Resorts, 17 completed by the General Secretariat for Internal Affairs, and 11 carried out by the General Secretariat for the Administration of Public Works and Housing.

In addition, the sum of 197,000 dinars was allocated to repair buildings and tourist facilities. This included renovating 160 buildings in the summer resort of Salah-al-Din; 80 buildings in the resort of Sarsanak and Suwarah Tuka; renovating 20 tourist cabins in Salah-ah-Din and 10 in Sarsanak; and renovating a number of hotels and tourist casinos.

Several streets in the resort towns were repaired and improved and the circle road in al-Sulaymaniyah was completed, at a cost of 17 million dinars. A ready-to-wear clothing factory and a cement project were completed in Taslujah, and a Bazyan gypsum project and the Sulaymaniyah water project, at a cost of 17 million dinars; and a carbonated beverages plant in Bani Khaylan at a cost of 6 million dinars.

Work was completed recently on the Saddam Hospital in Irbil governorate at a cost of 11 million dinars. It contains 260 beds and includes various special facilities utilizing the most modern methods of diagnosis and treatment. A

400-bed obstetric hospital has also been built, and all of the health centers in the autonomous governorates have been supplied with all of their needs and requirements, and their services have been modernized.

In the field of other services offered to the citizens, in implementation of the directives of President Saddam Husayn, 3,824 residential homesites were distributed to the citizens during the past year in all of the governorates of the region. Work is under way to prepare another section for distribution. The General Secretariat for the Administration of Municipalities and Resorts has granted 8,288 building permits to citizens.

As for other public services, water purification projects have been completed in Makhmur, Kuysanjaq and Shuraysh. The project for the villages of al-Kuwayr and Sarah Rash is being carried out in two parts. The first is construction of the dam on the Rubar Dahuk River to store river and rainwater, and the second is construction of a soaking and spraying irrigation system.

Education has a large share in the activities of the local administration in the governorates of the region. Work was completed on several schools at a cost of 2.5 million dinars. Projects were completed to expand and develop secondary and intermediate schools by 80 percent, with 16 buildings for boarding school classes. Work has been completed on the project for cold storage for school food in Irbil, at a cost of 27,000 dinars.

There are other projects, including school construction. The group includes 600 classrooms in Irbil Governorate at a cost of 10 million; these are 95 percent complete. In addition, there are projects for laboratories, auditoriums, industrial arts classrooms, workshops and science classrooms which have been entirely completed.

Agricultural and Industrial Development

[Question] These figures and details present a glowing picture of the work in some aspects of life in the region. What about the fields of industry and agriculture?

[Answer] The emphasis on the balance between industrial, agricultural, and social development in the autonomous region is clear. It is well-known that this region has witnessed qualitative and quantitative leaps in agriculture. It is also an industrial area, with large industrial facilities such as the wool spinning and weaving mill in Irbil; the sugar factory in Sulaymaniyah; the cement plant in Sirr Janar; the marble factory in Irbil; and the fruit and vegetable canneries in Dahuk. These began production in 1978 and use surplus tomatoes to produce juice and preserves. There is also a Kurdish fabric factory in Dahuk which has advanced specifications.

All of these industrial organizations participate in supporting the industrial base in the autonomous region, spreading industrial awareness, and supplying employment opportunities to the citizens.

As for agriculture, the autonomous region has seen the completion of several large projects in this field, some of which were mentioned earlier. In addition, there are the continued use of advanced methods and modern machinery in agriculture, the spreading of agricultural awareness among the farmers and representatives of the agricultural cooperative societies, and supplying all agricultural requirements for fertilizer, seed, pesticides, etc. All of that has led to an expansion in agricultural acreage, increased production, improved quality, and development and improvement of livestock resources.

Cultural Efforts Required

[Question] What has been done from the cultural standpoint?

[Answer] The leadership of the party and the revolution, headed by President Saddam Husayn, attaches no less importance to this aspect than to other aspects. The region requires great and continuous efforts in the cultural field to produce the desired advanced model.

As part of that, the General Secretariat for the Administration for Culture and Youth for the autonomous region published 19 issues of its monthly magazine KARAWAN, that is, "al-Masirah," with two special supplements on the occasions of the March and Nowruz (Persian New Year) holidays. Also, 22 books printed at the expense of the secretariat were distributed to all of the governorates of the region and the country, in coordination with the national Office of Distribution and Publicity. The General Secretariat for the Administration for Culture and Youth assisted with 26 books. Also, experts and specialists were charged with expressing their observations on the rough copies of 63 books, and 32 scripts of plays were approved. In addition, a number of artistic events were revived, and exhibitions and cultural clubs were established.

The General Secretariat for the Administration for Culture and Youth participated in holding the Conference of Iraqi Authors and Writers, autonomous region branch.

1986 Budget Figures

[Question] There is no doubt that the year is about to end, and that means that the 1986 budget year has ended or is about to end.

[Answer] The General Secretariat for the Administration of Economic and Fiscal Affairs has been performing its functions through marketing, fiscal, administrative, and investigatory services and reorganization and distribution of agencies and the like for the citizens of the region. The secretariat has carried out diverse activities to supply the functional and labor elements necessary to perform the work of the departments and commercial facilities linked to it. Work is now under way to prepare investment programs, in cooperation with the Ministry of Planning, to develop these programs from the region's budget for 1986.

The chart of projects and changes is wide and varied, since it includes every corner of the region. We want to make this year a year to complete scheduled projects, so that next year we will be able to support the movement of development and progress in the governorates of the autonomous region and the country. Hence, we concentrate on constantly motivating workers to achieve higher rates of achievement and treating all problems and stoppages which might appear during work, to achieve the goals of the party and revolution and develop the autonomous region.

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INTERVIEW WITH TAHA YASIN RAMADAN

Baghdad AL-YARMUK in Arabic 2 Dec 85 p 10

[Excerpts] Martyr's Day, as Mr Taha Yasin Ramadan said during our meeting with him, is not like the other days we celebrate, but is connected with a fixed occasion. Martyr's Day is not strictly limited to the first of December, although it has been scheduled for this date. It is tied to the unspeakable crime committed by the Iranians on the day they executed the Iraqi prisoners, who were unarmed, after the battle of al-Basatin.

Martyr's Day came into being at the direction of the Leader President Saddam Husayn to immortalize our most outstanding martyrs from the first day of the second Battle of al-Qadisiyah to this day, since our precious young men have been martyred over a span of 6 years. They have written in their precious blood the splendid modern history of the Arabs, within dark clouds in mourning, and within the fog of indifference, the dust of separation and the strange silence.

On Martyr's Day we met with Mr Taha Yasin Ramadan, member of the Revolutionary Command Council and first deputy prime minister, in order to ask the meaning of martyrdom and to find out about the history of martyrdom throughout our long Arab history and in the great battle of Saddam's al-Qadisiyah.

The dialogue was about this unforgettable day and about feverish deeds that need the utmost light.

Arab Relations

[Question] In the shadow of recent developments, how do you view Iraqi-Arab relations?

[Answer] After 6 years of war, and after the position of the Iranian enemy has become clear and plain, as well as its demand for the occupation of Iraq and the regions of the Arab Gulf, and after sabotage operations in Arab, Islamic, and European countries, where there exists an Islamic community, some countries have reached an inexcusable state of so-called neutrality or silence. There has arisen a pressing pan-Arab need for a courageous, serious, unified Arab posture of standing with Iraq. I do not suggest the extending of aid and resources to the Iraqi forces. Iraq has faced aggression readily and

is able to continue the defense, with all courage, for many years in the confrontation. But for the sake of the expression of the truth of pan-Arab positions and Arab ties and of the reality of the existence of the [Arab] nation and its survival, the Arabs must take a stand that safeguards their independence and sovereignty and the future of their people.

The positions of most of the Arab countries is without pan-Arab aspirations, and I do not mean the Syrian and Libyan regimes only, because their position is treasonous, and our long history has seen nothing like it. How is it conceivable that an Arab would take a stand for striking his Arab brother? There must be no comparing of the position of some of the Arab countries with the position of these two regimes, because their position is the exception rather than the rule, and we all must work to bring it to an end because its continuation will cause the splintering of the Arab nation to take root. I am not holding up the Arab position with respect to these two puppet regimes, because they are models that are alien to the Arab nation. Despite my respect for the positions of most of the Arab countries, I find that all of them must develop their positions to the fullest to safeguard the unity of the nation for the sake of shortening the war, because the Arab position is the main reason for the war and the prolonging of it, especially the positions of Syria and Libya as they have a basic role in its coming about and in Iran's recklessness. On this basis the Arab position is not at the standard desired. The historic responsibility for developing their positions falls on the Arab rulers.

Relations with Libya

[Question] Where did the efforts of the committee for clearing the Arab atmosphere get to with regard to Libya?

[Answer] Our meeting with Libya took place within the framework of the committee for clearing the Arab atmosphere. During those meetings the views of both sides were heard. The Iraqi - Iranian war and the positions on it, in particular Libya's position on it, was the core of the discussion that took place in the meetings. Certainly the position with regard to the war is the core of any new development in relations between the two countries, not as a condition but as a desired pan-Arab position.

The Iraqi Economy

[Question] The Iraqi economy has experienced development during the war. Will your excellency discuss building its bases and supports? And how were the economic commitments established with foreign companies?

[Answer] It is natural that the ties between the military and economic sides be organic ties; I also include the political side. Any problem in one of them leads to a problem in the other. Therefore, President Saddam Husayn's interest in these aspects stems from this interconnection, and on this basis a central economic command was formed to follow up on economic matters in Iraq and to implement the president's guidance.

The underpinnings of the Iraqi economy are strong, and our economy is good because the world does not measure the country's economy in volume of money only. Despite its importance, it is not the fundamental factor. Out of the volume of economic resources the basic conditions of its underpinnings are assessed. Unexpected conditions may arise which reduce activity, and in our case these conditions will disappear because the sources and resources of the Iraqi economy are present and the current conditions are temporary and are due to the war. If the underpinnings of the economy are not ensured, then no matter how full the coffers have been they will be exhausted at the next opportunity and the economy will be paralyzed by any unexpected development. Therefore, we say that our economy is developing despite the difficulty that arose during 1982 because the Syrian regime stopped the passage of Iraqi oil across Syrian territory, despite the continuation of the war, and despite the necessity of providing defense needs. Oil is present in Iraq, and it underpins the economy; but the exporting of it has come to a standstill because of the Syrian position, and export through the Arab Gulf has come to a halt. Nevertheless we started new outlets for our oil exports through Saudi Arabia and Turkey and our economy began to grow. When the war conditions are no more the economic activity will come back stronger than it was before because we will find more vast and powerful sources than here-to-fore. In addition to this we have an important human factor available, the capabilities of which we will find greater when the fighters get back to work in the expansion with renewed spirit and new methods.

From this realization the foreign companies deal with Iraq with confidence. This makes us say that Iraq has faced its crisis in a way that is different from other countries, such as Poland, Argentina, and Mexico, and they were not going through a war. This indicates that our economy has no problem because of the war.

The firms have been experiencing positive dealings with Iraq. These are more spontaneous because they are well aware that the Iraqi economy is guaranteed and universally accepted. Therefore, the cooperation between Iraq and the foreign companies and firms has continued.

When we faced, in the beginning of the 1982-1983 year, difficult economic conditions, we overcame them quickly, and it was decided then that we needed to set up a formula for economic cooperation between Iraq and the foreign firms. Then our ties increased and our relations with the companies were expanded because of their awareness that we are endeavoring to improve the economy as well as to prepare for combat capabilities, that we keep our relations in order, and that we order our lives as though the war may continue or end tomorrow. From this premise we set up our economy to develop and to supply first-class defense requirements.

Growth In The Population Of Iraq

[Question] The national campaign to increase Iraq's population...what about it?

[Answer] Statistics indicate that Iraq's population is increasing at a rate of 3.2 percent. We have studied this matter and the conditions surrounding it from a number of aspects, and we have come up with these results.

How do we maintain this percentage because it is a percentage that needs careful study under these conditions. We have studied the costs of marriage and doweries, polygamy from the standpoint of Islamic law, and the condition of employed wives and the care of the children. We also looked at our objectives in educating women, and their circumstances in the home, because all the objectives are valuable. We want women to be well-informed and to participate in development, and at the same time we want the Iraqi population to increase. Employed wives cannot bring up a great number of children, so we have tried to reach a balance between all situations.

We are also debating the matter of supplying the furniture and raising the doweries. We have taken a group of measures, such as establishing companies to manufacture furniture in the mixed sector. We have granted special permits to 10 companies, going into the specifications. This is being done in order to eliminate the monopoly and price increases while taking into consideration uniform designs and incorporating local primary materials.

The decision to increase the population of Iraq needs time for studying many social matters. There is a new system for day care that has not yet been discussed, and likewise, indeed, the matter of marriage with more than one woman and limiting the doweries. These are not now under discussion because we are concerned with the fundamental, prevailing aspects that are a part of increasing the population and safeguarding the matter of the woman continuing to work and be educated and to raise children, with whatever flexibility is possible with the woman's position within the extent of conformity with the legal position of the man. This point will remain an important issue before the command for continuing study and research in order to realize the best ratio of growth in population for our struggling homeland, because this issue is important for the next stage.

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SYRIAN VIEW OF PEACE FOR GALILEE REVIEWED

Tel Aviv MA'ARAKHOT in Hebrew Jul-Aug 85 pp 35-40

[Article by Maj Gen David 'Ivri: "Peace for Galilee from a Syrian Point of View"]

[Excerpts] The book "The Israeli Invasion of Lebanon" was written by a "research group" composed of army officers with ranks of major general and brigadier general as well as several well known people under the supervision of Mustafa Talas, Syrian defense minister. Of course, it is hard to expect objective historical truth since the majority of the writers were involved in the decisions and close to the seat of power. One is not likely to find in it criticism or exposure of errors and weaknesses. What one does find are excuses and explanations for weaknesses, and glorification of accomplishments even when there were none.

There is, nonetheless, a great deal to be learned from these writings--the Syrian view of events, an understanding of the motives for certain decisions, and an understanding of the Syrian view of the Israeli military and political problem.

Another written source is an interview with Defense Minister Mustafa Talas conducted by two editors of DER SPIEGEL in 1984. Since the interview was directed abroad, he emphasized considerations other than those in the book. There are more admissions of military failures of a tactical-objective nature and less of a strategic nature. It looks more at the future in a satisfied way rather than struggling with the past.

A General Overview of the War

The Syrians call the war in Lebanon between them themselves and the Israelis "Battles of al-Biqa'" and they define it as part of an ongoing war with Israel. Sometimes they emphasize that this was a planned war against Syria even though this contradicts Israeli declarations at the outset of the war that it was only against the terrorists.

Israel's goals for the war were:

1. To prove that the Syrian force lacked influence as was heard in other hostile sectors.

2. To remind Syria that Israeli strength is not based only on military might. It follows that there is no point in continuing the armed struggle which Syria was engaging in because of the Palestinian issue.

3. To get the Syrian forces out of Lebanon.

4. To pave the way for other agreements like that of Camp David.

Israeli Principles and Combat Systems

The book recounts the principles of war adopted by the IDF which were appropriate for every campaign and were also open knowledge in Israel. The principles are not dissected and analyzed in terms of where they were applied and how. The book does emphasize, however, two areas in which they saw the IDF going beyond traditional principles in a unique way: in using their superior air power and in their use of technological and tactical innovations in their operations. The specifics in this area include use of methods of observation, warning, control and disruption, and especially use of the latest in guided weapons.

General Military Maneuvers

In the book "The Israeli Invasion of Lebanon," operations and maneuvers are described chronologically and by subject. From the chronological perspective, which includes important national publications and declarations, it turns out that as early as 6 June 1982, President al-Asad said: "Defense of Lebanese territory is a national and pan-Arab duty. Syria with its resources stands alongside Lebanon in order to defend its land, and it will do whatever the situation requires." The Syrian spokesman said on 6 June that Syrian forces were engaged with the Israelis and that "the Syrian forces had received orders to move against the invading Israeli forces."

Anti-tank Warfare

The book describes the anti-tank helicopters as a success, as efficient easy war equipment. It argues that in al-Biqa' alone, Syrian attack helicopters carried out over 100 assaults on enemy tanks. He says that they hit 85 enemy targets (tanks, armored fighting vehicles and command vehicles). The main qualities that were proven in the battles included: accuracy, surprise, strategic skill, capacity to survive against combat planes, and the proficiency and strength of the Syrian pilots. All this is in contrast to Israel, which did not succeed in operating anti-tank helicopters in al-Biqa' despite the fact that it used more than 100 helicopters (an exaggeration according to every international report) due to the conditions created by Syrian forces. These included: the use of counterattack methods, use of personal and light arms against anti-tank helicopters; camouflage and deception using the ground and strategic moves on the battlefield; smokescreen; extensive work by the information system, air observation and early warnings.

The Battle in the Air

The chapter on the fighting over al-Biqa' begins with the ideology whose essence is as follows. There is a strong tie between Israel and international

imperialism and it finds expression in the United States. The Air Force is the main force which carries out aggressive strikes against the Arab nation everywhere. It is no wonder that a state founded on an aggressive ideological base would develop a strategy which is based on the plane, with its multi-purpose attack qualities.

The book goes on to analyze Israel's development of air power since the 1960's. The book emphasizes the priority Israel gave to the development of its air power, American assistance, and the lessons of the 1973 war (which Israel analyzed and which emphasized the development of proficiency in electronic warfare, thus finding solutions to its known losses in 1973).

Analysis of Conditions of War in the Air

An analysis of the geography of Lebanon brings the Syrian investigator to the conclusion that the chain of mountains in Lebanon gave the Israelis an advantage and afforded them a good view of Syrian planes as well as a hidden approach behind the mountain chain which could be used for tactical surprise.

Fighting in the Skies of al-Biqa' in June of 1982

According to the book the air war can be divided into four stages:

1. State of readiness;
2. (4-6 June) Air preparation for the invasion;
3. (6-8 June) Participation from the air in the ground invasion;
4. (8-11 June) Expansion of the invasion and combat with Syrian forces until the ceasefire.

Publication of Losses

In a chapter on deceit and lies, there is a paragraph on the publication of losses. It says that not once did Israel give accurate figures concerning its losses. Its goal was to raise the morale of its soldiers and lower the morale of its enemies by making them believe that their weapons were not effective and did not inflict losses on the Israelis. The argument of the writer is that it is only logical that Israel sustained greater losses since "the aggressor always sustains greater losses, whether he wins or is defeated, and this applies especially to manpower, not to mention equipment." The conclusion derived from this by the researcher is that since Syrian losses were great, Israel's losses must have been even greater since it was the aggressor.

Summary

Reading the book "The Israeli Invasion of Lebanon" and the personal interview with General Talas emphasizes once more the considerable, perhaps extreme, difference between Syria and Israel in terms of their views of the wars, their evaluation of accomplishments, their failures, their debriefing and freedom of expression.

In Syria, the ones explaining the war are only the commanders. No one listens to the officers of varying ranks who were on the battlefield or to the soldiers themselves. Those in key senior positions remain in those positions and make sure that the history is written the way they want it written. There are, of course, no investigating committees and no reporting of losses. The war is presented in whatever way it is felt that the nation should see it--in positive terms, with an emphasis on courage, honor, strength, and sacrifice.

It appears that it is this extreme difference that "annoys" those who bear the military responsibility on the Israeli side, those who are exposed to committees of investigation and criticism, those who have to think before the fact so that they do not have to explain after the fact. It seems that it is in this difference that there lies a great qualitative difference which does not lend itself to closedness in the matter of methods of war and the study of war. As long as the saying "Know where you come from and where you are going and before whom you will stand and be judged" guides our footsteps, it will light our path.

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SMALL SHIPS MAKE FOR MOST EFFECTIVE OPERATIONS

Tel Aviv MA'ARAKHOT in Herbrew Jul-Aug 85 pp 19-25

[Article by Brigadier General Eli Rahav: "To the Good Health of the Small Boats"]

[Text] The unique characteristics of the ocean sector require the establishment of a body which specializes in battle at sea. Vessels must be built for it and it must be equipped with modern combat devices. The importance of the technological factor at sea is very great. An arms race is taking place, therefore, among potential rivals who are acquiring combat means from independent sources or from the naval powers. Given that the navy with its mobility, in contrast to the army, can establish the battle place and time, the strength of the navy is measured in terms of its ability to cause damage to the enemy and thus deter it from fighting on the sea.

Application of Principles of War

The Goal:

A small nation struggling with economic problems at home and with many enemies abroad must define for itself well what it wants to get out of its naval branch and to build it with strength and scope so that it can respond at the critical time. In modern times, the navy cannot be used to expand the nation's influence or to improve its economic strength. A nation whose livelihood is dependent on the existence of international trade must be assured of free movement at sea. If its basic foundation is spread along the coast, it must create a strategic space which will be able to keep the fighting far from the heart of the nation.

In combat between the navies of small countries, there is not likely to be any decisive victory. The goal of combat should be deterrence.

Concentration of Effort:

A country with access to two seas is blessed with the capacity to establish broad trade ties. If it is surrounded by enemies in both arenas, it must choose the arena which is most essential for its survival and concentrate its energy there. On the second front, it must operate so as to conserve its strength. Splitting its power into two parts will only weaken its capacity to succeed in the vital sector.

The cost required to establish a modern navy is very high, and a professional standard demands that professional expertise be built and cultivated. Even relatively large countries must establish priorities in developing a navy and specialize in only some of the many forms of battle at sea.

Countries united by defense treaties divide areas of expertise among themselves. The naval branch of a small country must choose one area of expertise which will allow it to fulfil its main objective and then focus its efforts there. Economy of force also means going to battle using the smallest possible craft and the least amount of manpower required in the line of fire.

Classic warfare is surface warfare. A small nation with no treaty partners is likely to choose its area of special skill according to the threats of its enemies. Most of the small nations (whose enemies are not great powers) choose as their main area of expertise surface warfare.

Aggressiveness and Mobility:

War at sea is a war of movement. The American naval historian Mahan wrote: "At sea there are no posts to capture or forts to take over and no point in arriving first at a particular place unless you arrive with a superior force which allows you to win."

A navy which is battling a number of enemies, when its forces are fewer than those of its enemies combined, must take the initiative with the objective of assuring local superiority in the battle. Local superiority consists of technical superiority of combat systems of the individual vessel compared to individual enemy vessels as well as numerical superiority over the enemy in that tactical area. A fundamental condition for the success of the navy of a nation which is located between two seagoing enemies is its ability to use its central position and to move aggressively to establish local superiority over the internal lines of one of its enemies.

The development which took place in the sixties--the exchange of heavy guns for the homing missile with its smaller size--made possible much smaller vessels. Weather conditions and an analysis of the length of time and the size of the area of the action determine the size of the vessels to be used. Smaller vessels are more appropriate for an action which can be carried out a short distance from the home port under relatively mild weather conditions. A nation which must fight in stormy weather or far from home port needs bigger vessels.

Running a navy with small, swift vessels and an aggressive approach allows for creating numerical superiority. Small vessels are cheaper and manned with fewer people, and the navy is prepared to risk getting hit by acting aggressively.

Surprise:

A small navy has to find a way to surprise the enemy. The nature of wars in our times is that they are shorter when they are being won and longer when

they are being lost. Surprise at the beginning of a war is likely to be a critical factor because the enemy is not likely to recover very quickly. Nighttime is the best time for surprise.

In modern warfare the value of technological surprise has gone up. The development of a more accurate missile or being equipped with better methods of countering electronic warfare can be extremely significant. A nation with good technological skill can achieve surprise if it develops for itself its main combat systems. Technological surprise is more difficult when the main combat methods are acquired from a third party.

Countries embroiled in a lengthy conflict cannot predict in advance the timing of outbreaks of hostile action, and they cannot allow themselves to demonstrate any temporary weakness. They have to prefer the available good over the better that may come later. They have to base their capacity on a continuing improvement and hope to remain one step ahead of their enemy so as not to speed up the arms race which is oppressing their economy.

Security:

The principle of security is applied by partially exposing the naval force to the combat means of the enemy.

If the general force is divided into a lot of little units, it will be easier to keep track of the pace of fighting and the ability of the naval arm to function even after being attacked. In order to protect its forces against surprise and in order to organize the general force in a sensible way, the future navy will have to establish an ongoing system of information-gathering in vital areas day and night.

Simplicity and Flexibility

The sea is a changing arena, and weather can disrupt plans. The enemy operates on the basis of its own plan, and its goal is to frustrate operations. There is no plan that is guaranteed to succeed. The side that makes fewer mistakes has a better chance of winning. Therefore, any plan must be as simple as possible and as flexible as possible to assure a swift reaction to changes which stem from the sea or from the behavior of the enemy.

A navy that knows how to use the night can cause the enemy to make more mistakes. Even in the future, a navy which can operate in a centralized way will be better able to carry out its objectives and react swiftly and powerfully according to the dictates of a changing situation on the condition that it maintains an accurate communication system and a true picture of the area.

A navy made up of small vessels which go on short sorties from the port will go into battle more prepared, trained, fit, and refreshed. Points of departure at the ports create a matching force for the navy. The capacity of the enemy to shut down a port and prevent us from using it as a base for small vessels is not great.

Cooperation:

Most of the small nations cannot afford to maintain a separate aerial branch of the navy like those that the large naval powers have. And this is true despite the fact that modern warfare requires using planes above the ocean whether to get a view of the water or to attack sea-craft. Reconnaissance planes are flown successively to take pictures. Attack planes armed with sophisticated combat equipment are more efficiently used in the daytime. Operating them at night is more difficult.

The navy is the expert body appointed for warfare in the naval sector. Along with this, the navy is a professional corps which operates sea vessels, and it must overcome opposing institutional considerations in order to work in an optimally cooperative fashion with the planes of the airborne division. In contrast to the naval fleets of the great powers, which have to be in many different regions at the same time, a small country which operates in a more limited area can find its strength if it runs its maritime branch as a general system with a clear line of command and cooperation among the various combat forces while its vessels gain expertise and move towards their combat objectives within the realm of their expertise.

The Quality of the Command

History recalls quite a few naval fleets which could not carry out nocturnal combat missions because they did not know how to establish definite control at night. Night fighting calls for a special personal quality to carry out the operation and especially for command. The human quality of the combat leadership represents a double strength which allows for intelligent use of combat methods. Human superiority is a factor that changes over time and in relation to the enemy. A navy that does not have superiority will attempt to achieve it and preserve it by strengthening its combat leadership: commanders of vessels, commanders of forces, decisionmakers and officers of the vessels.

Strengthening of the naval combat leadership in the future is dependent to a large extent on a high quality of service in this naval branch attracting those who are talented, accomplished, and ready for the challenges of service. The attainment of quality is dependent on the openness of the senior commanders towards the lower ranking officers and on personal example. Strengthening of morale produces motivation to gain specialized knowledge and to recruit the manpower required for the various levels. Training of the officers' cadre and development of its combat leadership according to the needs of a modern navy require that the officer be given a strong foundation, confidence in his ability to carry out his job, and reinforcement of positive behavioral norms.

The Various Navies in the Mediterranean

In order to evaluate future ocean combat, it is worthwhile examining the development of the navies in the region and what it means.

Syria:

The Syrian navy has developed from a position of being part of the land forces to an independent branch which includes ships, marine helicopters and coastal defense units. Since the Yom Kippur War, Syria's naval force has been built with one major objective--coastal defense. Coastal artillery and land-to-air missiles were added to defend the coastal sector. The order of battle of Syrian missile ships was doubled and consequently also anti-submarine helicopters. The Syrian navy now trains more than it used to night and day. Syrian air force planes are able to take part in coastal defense. The Syrians have vessels which can operate over a wide range. They rely on the Soviet Union for supplies. Various publications point to their intention to get submarines and Corvette missiles, which would give them powerful functioning ability over an even greater range.

Egypt:

Historically, its navy was set up on a classic scale to fulfill all their naval objectives. It has a wide range of suppliers, replacing its vessels from ones made in Great Britain, China, and Spain, and using as well American and French missiles. Its coastal defense system is getting stronger and now includes advanced missiles. The navy trains a great deal and uses planes and helicopters over the sea. It has demonstrated in the past its ability to mount a strong initiative, and, even if it did not score any great successes, it must be seen as a serious force.

Libya:

In the last decade, Libya has built up a strong modern navy and has gotten combat weapons from the USSR and from Europe, especially Italy and France. The Libyan leadership built the navy as an attack force. Despite the fact that Libya has a long coast which requires guarding and a number of ports which allow for naval mining, the Libyans have minimized their defense boats and have concentrated on missile-carrying vessels and submarines.

The Libyans use planes over the sea, including long-range reconnaissance planes. In the process, they have come into conflict with the American 10th Fleet that used to train in the Bay of Sirt, (which the Libyans declared as part of their territorial waters). The Libyans see the building of their navy as a renewal of the tradition of attack, and they called their flagship "Dat Assawari." [For the name of a battle in 655 in which a Muslim naval force, setting out from Tripoli, attacked and overpowered a larger Byzantine force and opened the way to Constantinople.]

In a war, the Libyan navy is expected to operate independently in the Mediterranean, especially in the region near us. In cooperation with other Arab fleets, it is likely to reach or region.

Components of Battle At Sea

The general skill of control imaging is relatively new in warfare. Its construction and application is essential for victory. Naval tradition

glorified the naval commander leading his ships to the heart of the sea, collecting information about the enemy on missions that he expedited himself and informing the leaders of the nation only after the battle. The naval reconnaissance plane revolutionized navies, and naval powers began to use them before World War II. With the advance of technology, the naval reconnaissance planes were equipped with improved radar devices which could obtain a good picture and transmit it to the forces at sea or to a command post along the coast. Small nations (whose problems were generally concentrated along their coasts) benefitted greatly from the operation of reconnaissance planes from coastal bases. But the navy prefers, mainly for institutional reasons, to build ships rather than planes, and the air force prefers to occupy itself with air superiority. Cooperation between the various branches is essential for the development of skilled reconnaissance over the sea.

Continuation of the old policy (the naval force building for itself a picture by means of devices installed on the ship or sent from it) creates a problem. The naval force is likely to be surprised by the enemy which appears in range of its weapons, and the command post will not have complete up-to-date information with which to establish priorities for the task forces.

In the Mediterranean as well as other parts of the world, a naval force can go out at night and return the same night. The control imaging system must, therefore, be built as a continuous system that works day and night, collects up-to-date information on the enemy, knows the location of our naval forces, knows the location and movements of the naval powers, of commercial vessels, and of neutral forces in the region. Sophisticated use can be made of various kinds of reconnaissance planes, submarines in the frontal zone, and alarm stations on the coast. Computers make possible a rapid calculation based on the information coming in from various sources, and continuity prevents duplication or false alarms.

The information gathered with this system will be distributed to the vessels according to what applies to them, but this will not replace systems of detection and identification of the vessels themselves. The fact that many navies are equipped with devices for detection of radar transmissions forces those with advanced radar to use simpler forms of detection. Detection by use of acoustical methods (such as those used by submarines) is not applicable to field combat because its use requires very slow movement, and the tools which operate it have to be at a distance from the main naval force so that the noise of the movement of the vessels of the force do not interfere with hearing the noise of the enemy.

Surface Warfare is the Main Arena

Aggressive surface combat properly applied can deter an enemy from operating against commercial vessels and along the coast. The capacity to win in surface combat requires an order of battle which is able to operate aggressively against various threats and establish the combat superiority of its lone vessel against the lone vessels of the enemy. Numerical advantage over the enemy is very important for victory in surface combat when all other

conditions are equal. The side that succeeds in setting up two vessels in a strategic location increases its chances of winning fourfold because its ability to inflict damage is doubled and the enemy's difficulty in hitting him is doubled. (This is known as Lancaster's Law.) A small nation will have a hard time maintaining more vessels than its enemies. It must, therefore, seize the initiative before its enemies have a chance to collect their forces. A small navy which wants to achieve tactical advantage must increase its order of battle by getting along with the smallest vessel possible for accomplishing the objective and organizing its combat by making use of nighttime to confuse the enemy about its intentions.

The naval sector makes it possible to get at the "soft belly" of the nation from various directions, even when one is fighting against a single nation. This is certainly so when one is fighting enemies who are coming from different directions. Assault initiative in one direction requires sufficient force to secure the other flank. In order to make use of mobility, it is necessary to build vessels that can move at continuously high speeds under the prevailing ocean conditions in the area of the operation. The eastern sector of the Mediterranean is blessed with few storms. It lends itself to using small vessels which rely on the ports as a base for refueling and servicing.

The navy can determine the location of the battle and its very existence. A small navy will want to arrange battles which are far enough from its coasts so that it can create a strategic space close up. But it does not want too much distance or it cannot rely on its air force. Part of the general force must be able to operate farther away in order to deter more distant hostile action. For this reason, the size of the vessels should be big enough to withstand stormy weather and be able to carry enough supplies of fuel, food, and necessary arms. The crew should be big enough to assure that people get enough rest. The ships will be operated outside the range of the reconnaissance planes, and it will be up to them to get a picture of their surroundings.

The combat superiority of the single vessel against the single vessel of the enemy is a condition for its participation in combat. If it does not have this superiority, it will go from being an asset to a burden. The meaning of combat superiority is simple. Strike capacity should be superior to the defense capacity of the enemy and defense systems should be superior to the enemy's combat methods. In order to preserve the integrity of the vessels, it is not desirable to add on additional combat systems. The smaller the number of combat systems on the vessels and the larger the number of vessels, the simpler it will be to keep the navy strong and to assure a high degree of fitness.

The capacity to achieve combat superiority with small vessels was developed and consolidated in Israel through applying the discovery of the homing missile. The first generation naval missiles represent the basic equipment for the majority of navies. They are limited in capacity against modern electronic combat systems with which combat vessels are equipped. It is relatively hard to make improvements in missiles. It is possible to overcome

defense systems by saturating the area with many missiles simultaneously. But the homing missile is very costly, and putting it into operation with this saturation method is appropriate for a big power and not for the navy of a small nation. The attempt to overpower defense systems by maintaining various kinds of missiles on a single vessel requires a great number of missiles, a portion of which will not be used in battle. And there is no guarantee that the appropriate missile will be used at the right time.

The time is now ripe for the appearance of a new missile which will home in based on a combination of various homing methods and will be updated while in flight. Its range will be out of reach of radar, and it will be equipped with an oxygen burning engine. The missile will not be visible at night and will give no warning to the defender. The aerodynamic body will be planned to minimize the drag and those who load the transport will be economical with deck space. It will be possible to equip small vessels with many missiles.

Combat ships have begun to equip themselves with systems of spot defense: guns or anti-missile missiles. It will be necessary to help the missile by disrupting the defense systems before it enters operating range. This will be accomplished by means which will be established in the missile itself, on another flying platform or on the launching vessel. The increase in the new missile's strike capacity will allow for fewer missiles on vessels. Even if the main part of the fighting is carried out with long-range homing missiles, the cannon (whose ancestors began their service in the 14th century) will not outlive its usefulness in the foreseeable future. The cannon is more appropriate than the missile for a quick response against small vessels, for destroying damaged enemy vessels or for shelling enemy objectives on the coast. To operate modern cannons, an electro-optic system is required for fire control.

Survivors:

Naval warfare is two-sided. The enemy fires in order to inflict damage. A single naval missile can paralyze and even sink a vessel. Even if a fleet has long-range missiles, it still has to be prepared for the fact that missiles will be fired at it. The capacity of modern planes to hit targets gives them a greater ability to destroy vessels than was true in the past. A fleet engaged in surface fighting must, therefore, achieve its goals by exposing its vessels as little as possible to the combat means of the enemy, by swift assault which makes use of the darkness and manages, as much as possible, to keep them from being found in the daytime outside of the region of its own air space. To minimize the risk of exposure, the ships will be built for maneuverability and great speed. They will be as small as possible in terms of dimensions and appearance within the homing zone of the enemy's missiles. A small vessel which moves at great speed is an almost impossible target for a submarine torpedo.

Combat vessels will be equipped with systems of electronic warfare--systems for disruption and tactical methods of confusing the picture the enemy has of the battle--and these must be superior to the homing devices of the missiles. Missiles or anti-missile guns are necessary to counter those missiles which have succeeded in penetrating the disruption devices.

The subject of anti-aircraft missiles being carried aboard small vessels is mired in controversy. The effectiveness of this system against an attack plane with sophisticated equipment is not great, but its existence in vessels will force hostile reconnaissance planes to keep their distance and will make it difficult for them to get a good picture. For a fleet of small boats which operates close by and can get help from its own air force, the need for these systems of anti-aircraft missiles is not great, but for big ships which will have to remain in a distant region for a long time, they are essential.

The navy must be prepared to incur losses in a war. In order to reduce the damage to the vessels, it is desirable to equip them as little as possible with explosives and flammable materials. The development of automation and modern human engineering makes possible a very small crew to operate the vessel and thus a smaller number of people who have to be in the line of fire when the general force of the navy is made up of many small vessels. When one vessel is hit, it only puts a relatively small part of the force out of commission, as compared to a fleet made up of large vessels where damage to even one vessel means a great deal.

Underwater Combat as the Completion of Surface Combat

When one chooses to specialize in surface combat as the main area, it is necessary to use submarines.

The great naval powers--the United States, Russia, England and France--use atomic-powered submarines which can move at great speeds and remain under water for long periods. These submarines use the latest technology, and the cost of their construction and operation is high. Their capacity, therefore, goes beyond that of small navies. The traditional submarine is run by a combination of diesel power and electricity. The characteristics of the submarine make it possible to operate it in areas which would be very dangerous for surface vessels in daylight. When the submarine is underwater, it cannot be seen nor detected by radar. The submarine is built to be very quiet under the water. It can only be discovered in an active way (by broadcasting a sound wave--sonar--and absorbing the returning echo) whereas the submarine's detection system is through passive listening to the sound waves in the water. As a result of this, there is a big difference in detection in favor of the submarine from the point of view of seeing and not being seen. Various effects, especially in shallow water (near the coast), create submarine-like appearances which put the searchers off the trail of the real submarine. The torpedo is the main weapon of the submarine, and its uniqueness lies in the fact that it allows the submarine to remain hidden even when it is firing. The torpedo has some superiority in terms of range over the anti-submarine weapons used by the vessels. The submarine can take advantage of this to inflict damage on the vessels hunting for it before they find it. The effectiveness of the submarine drops as the target becomes smaller and quicker. The slowness of the diesel-electric submarine is a disadvantage. In order to overcome that, an early alarm system is necessary to be able to prepare to change the objective. From this also comes the problem for the submarine of firing a torpedo at swift

vessels. The submarine avoids raising parts of its body out of the water. Thus, it is limited in its ability to remain in continuous communication with the command center.

The submarine has to renew its supply of power. For this reason, it must spend part of its day with the snorkel above water and run the diesel engine. The raising of the snorkel and the noise of the diesel engine increases the chances of being seen. It tries, therefore, to do this far from the coast, for short periods when possible, and usually at night.

The submarine is three times as expensive as vessels involved in surface fighting. Assuring its proper functioning requires a substantial investment in planned maintenance and thorough inspections. A navy whose primary objective is surface combat will have only a small number of submarines and will use them in a manner and location that will make the most of them--mainly as a source of up-to-date and continuous information on the enemy with an emphasis on preventing discovery. Use is made of the strike capacity of the submarine when it is sent on a mission against enemies who are far away.

Limited combat makes it possible to achieve substantial accomplishments by placing a few fighting men at risk. The classic operation was the infiltration of six Italian fighting men into the port of Alexandria during World War II. They managed to sabotage two ships of the line, and thus limited the activities of the British in the eastern Mediterranean for a long time. It would be impossible to pull off such an impressive operation against the navies of our generation because their strength is spread out among such a large number of small vessels, and the danger to the people would be that much greater. The attitude towards risks to fighting men varies among the nations in the region. Even in the future, there will be a need for a skilled special force which can enter the enemy's jetties and strike with great precision at selected targets and at coastal bases. The action of the small combat force is carried out in silence, and the night is the condition for its success. We can expect a lot in the future from an intelligent investment in strengthening our strike capacity while minimizing risk in the penetration.

Defense of the Coast Against Naval Commandos and Submarines

A navy which chooses surface fighting as its main mode of operation cannot ignore the losses it may incur from an enemy fleet which operates with other approaches, especially the use of submarines and a naval commando unit against naval traffic and the country's coasts. In order to have the surface fighting force operate powerfully and aggressively, it is necessary to insure against such threats by other means.

Enemy submarines can inflict substantial damage without involving neutral vessels in the entries to our ports. A naval commando unit which operates with small groups of submarines or with a big force which uses other small swift vessels will find targets all along the coast. The nation whose coastline is short has a defense advantage.

Combat against submarines is completely different from surface fighting. The naval powers who engage in it invest a great deal of effort and the results are quite poor. The British navy, which specializes in submarine combat, invested a great effort in the Falklands War in the defense of its aircraft carriers and its landing ships. All that effort did not prevent the single Argentine submarine San Luis from launching a torpedo at the British ships. This attack failed only because of technical problems with the torpedo.

Given current technology, the submarine is superior militarily to surface vessels which operate mainly in shallow water. A diesel-powered submarine, approached by an anti-submarine vessel, will discover it at long range, and regular torpedoes will permit it to fire before it can be discovered. Flying platforms against submarines are especially effective against atomic submarines whose noise levels are higher and against regular submarines when they are using diesel engines to carry electricity in their storage areas.

The fleet of a small country which wants to keep its freedom on the water intact can be satisfied with preventing submarines from operating within its vital area. There is no point in preparing anti-submarine equipment and surface combat equipment in the same boat because the area of combat will differ according to the type of combat. Vessels equipped in this way will be unable to achieve combat superiority, and the professional burden which will be demanded from the crew will lead to mediocrity.

The most efficient way to defend the coast and the entries to the ports against submarines and naval commandos is through the existence of a joint system including reconnaissance planes, coastal radar and small swift vessels armed against submarines and against commando boats. A small country could use such equipment even against submarines as a substitute for the helicopters used by the big powers against submarines. Their cost is one-fifth of the cost of a helicopter.

Small swift vessels in combination with planes and coastal radar have a combat advantage over enemy submarines. Because of their small proportions and their speed, it is harder for a submarine to hit them with a torpedo. On the other hand, these small vessels can be equipped with a homing torpedo powerful enough to destroy a submarine. Even if this system does not find and destroy submarines, the submarine which sees these small vessels running about and sees the area saturated with reconnaissance planes and coastal radar will have to stay away without carrying out its objectives.

Radar, night-vision equipment, capacity for great speed, and fast-firing guns give the small boats the ability to seek and destroy enemy commando units. The vessels can easily be used to defend the coast against terrorists whose modes of operation are similar to the naval commando unit. The professional knowledge required to locate and fight the naval commando is relatively limited and can be fit into vessels which do combat against submarines.

Air-Sea Partnership

Modern planes can do almost everything that ships do. To carry out naval objectives, a special expertise on the part of the air crew is necessary along with various combat means and, at times, different planes than those needed for the ordinary objectives of the air force. Response time for operating the planes is higher, and so there is not the kind of flexibility which the navies of small nations involved in extended conflicts require.

The naval branch is in charge of combat anywhere at sea and is not just a professional fleet which runs ships. It is, therefore, necessary that it cooperate as much as possible with the air force. The established objectives of the air force include:

- 1- Defending ships in port as part of the defense of the nation's skies; preventing enemy naval reconnaissance planes from gathering information; preventing enemy planes from attacking our air reconnaissance and our forces at sea, including preventing enemy anti-submarine helicopters from operating against our submarines.
- 2- Getting a picture of the naval situation and an aerial view over the water (intelligence and warning planes, naval reconnaissance planes, and light observation planes).
- 3- Attacking ships (with or without naval forces in the area) and targets at enemy ports and at its coastal base in order to help in the naval action.

Even with the latest technology, there are substantial problems in operating planes over the water at night. The ability of ships to help in air combat is relatively limited. In the past, boats were used as refueling bases for helicopters and were ready to pick up pilots who had to parachute over the ocean.

Construction of a Naval Force

Upgrading the navy in anticipation of a future war is being carried out under tight budget conditions. In countries engaged in an extended conflict, upgrading of the navy must be carried out as part of an extended process of gradual improvement because a temporary weakness is likely to be critical. Maintenance of a fighting force over a long period of time requires building it in a manner which uses the platforms and floating systems to the limits of their operational capability and the development and improvement of combat systems for ships while staying one step ahead of the enemy. Keeping the number of systems down while increasing the number of ships will make their current maintenance easier and will strengthen the operational ability of the navy.

In order to deal with these exigencies, it is necessary to recognize time as very pivotal and to choose the good and available solution over the better but not readily available solution. One must invest the bulk of one's efforts at self-development in the key combat systems, in building

ships, exchanging antiquated items for proven patterns and for improvements which will be incorporated gradually over time. The construction of the force must be planned over a period of many years, which gives those making the decisions the flexibility of responding to changes taking place with the enemy, changes which are expected by technology, and of responding to budgetary restrictions. It is worthwhile, therefore, to advance rapidly in areas in which it is possible to realize an advantage.

Export of naval systems and ships is essential. It generates budgetary sources for the development of new systems. Cooperation between the navy and the defense industry is, therefore, vital. The challenge of maintaining a security force over a long period of time must influence the process of decisionmaking in addition to the clear need for preparing for the next war. Cooperation with the defense industry must create a relative advantage for local industry in the production of combat systems and their tie-in with the small ship. The development of the key combat system by local industry makes it possible also to establish expert crews who can help the navy and react immediately to technical problems which come up in the course of combat. This tie-in also helps shorten the time required to put into effect in the technological realm the lessons learned from the war.

9348/12948

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STUDY SHOWS INCREASE IN ARABS PALESTINIAN IDENTITY

TA231453 Tel Aviv HA'ARETZ in Hebrew 23 Dec 85 p 2

[Report by Lili Galili]

[Text] The number of Israeli Arabs who regard themselves as Palestinians but do not relinquish the Israeli element of their identity increased between 1976 and 1985. This emerges from a comparative study conducted by Dr Sammy Samoha of the Sociology Department at Haifa University. The findings of his study were presented yesterday in a debate on Israeli Arabs and their possible role in the peace process. The debate was held at the Truman Institute at Hebrew University.

Identical questions were posed to a representative sample of 1,200 adult Jews and Arabs at three different times: in 1976, 1980, and 1985. In the first poll in 1976, 46 percent of the Israeli Arabs described themselves in some way as "Palestinians"; this number rose to 55 percent in 1980, while in the summer of 1985 some 68 percent of those polled described themselves as "Palestinians." The following terms were used for the identity description: Arab, Israeli, Israeli-Arab, Israeli-Palestinian, Palestinian in Israel, Palestinian, and Arab-Palestinian. For the purpose of the study, "Arab, Israeli, and Israeli-Arab" were regarded as defining an Israeli identity; "Israeli-Palestinian" and "Palestinian in Israel" as expressing an Israeli-Palestinian identity. The most outstanding finding of the study is that between 1976 and 1985 the categories of "Israeli-Arab" and "Arab-Palestinian" dropped to 32 and 29 percent respectively, while there was a significant rise in the number of Israeli Arabs who described themselves as Israeli Palestinians (39 percent).

The study also shows that only 15 percent of the Jews polled considered the Palestinian identity of Israeli Arabs legitimate, 5 percent described Israeli-Arabs as "Israeli Palestinians," and 10 percent as "Arab Palestinians," or in other words, hostile. Some 56 percent of the Jews polled regard only Jews as having an Israeli identity.

/12929

CSO: 4400/83

BRIEFS

1985 TOURISM IN ISRAEL--A record number of tourists visited Israel last year. All together, 1,430,000 visitors came to the country, an increase of 15 percent. The forecast for 1986 is another rise of 5 to 8 percent. [Excerpt] [Jerusalem Domestic Service in English 1100 GMT 7 Jan 86 TA]

RABIN MOST POPULAR MINISTER--Of the 10 inner cabinet ministers, Yitzhaq Rabin was found to be the most popular in 1985, followed by Yitzhaq Navon in second place, and Prime Minister Shim'on Peres in third. This emerges from the findings of a popularity poll for the inner cabinet ministers conducted throughout the year by the PORI Institute at the request of HA'ARETZ. The annual average showed that 66.6 percent were satisfied with Rabin as defense minister, 64.5 percent were pleased with Yitzhaq Navon's performance as education minister, and 59.5 percent were satisfied with Shim'on Peres as prime minister. Police Affairs Minister Hayim Bar-Lev took fourth place (45.5 percent), while Foreign Minister Yitzhaq Shamir took fifth place (40.9 percent), with Deputy Prime Minister David Levi in sixth place (40 percent), Moshe Arens in seventh (30 percent), 'Ezer Weizman in eight (31.9 percent), and Finance Minister Yitzhaq Moda'i (30.8 percent), trailing behind in ninth place. The list ends with Industry and Trade Minister Ari'el Sharon in last place (27.3 percent). The average popularity ratings are based on the responses of 9,600 men and women 18 years old and above who were interviewed all over the country throughout 1985. [Text] [Tel Aviv HA'ARETZ in Hebrew 2 Jan 86 p 3 TA]

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CSO: 4400/83

RELATIONSHIP BETWEEN ISLAMIC FUNDAMENTALISTS, PLO VIEWED

Kuwait AL-MUJTAMA' in Arabic 26 Nov 85 pp 4-5

[Article: "Islamic Fundamentalists and PLO"]

[Text] During his latest visit to Cairo, Yasir 'Arafat, the PLO chairman, was careful to visit 'Umar al-Talmasani, the grand master of the Muslim Brotherhood in Egypt, at his home in al-Zahir Quarter. The meeting at al-Talmasani's home lasted nearly 20 minutes and was attended by Salah Khalaf (Abu Iyad), the Fatah Central Committee member. Yasir 'Arafat expressed his appreciation and that of his colleagues in the PLO for al-Talmasani and the Brotherhood and conveyed to al-Talmasani his colleagues' greetings. 'Umar al-Talmasani said that the Palestinian issue is an Islamic issue that concerns all Muslims, not just Arabs, and pointed out the importance of unity of ranks in confronting Israeli arrogance and U.S. piracy.

At the end of the meeting, 'Arafat expressed his thanks to and his wishes of good health for 'Umar al-Talmasani.

But there is a question that poses itself on the periphery of this visit, namely:

What is the Islamic fundamentalists' position toward the PLO?

When we speak of the Islamic fundamentalists' position toward the PLO, the talk leads us to a discussion of the roots, namely of the Islamic movement's position toward Fatah Organization in its capacity as the first organization to appear and its capacity as the PLO's backbone.

If it is well known that Fatah's historical roots date back to a group of Islamic youth in Gaza Strip who formed some armed cells to confront the enemy, then the Islamic movement's position at that time toward Fatah, which rose with the aim of liberating the occupied territory, was a position of support, rather the position of a partner in goals and means. Agreement on the goals and means with the Islamic fundamentalists since the early days of the formation of the fedayeen action is perhaps what made the Egyptian intelligence, led by Lieutenant Colonel Kamil Husayn, pursue Fatah's symbols in the days of 'Abd-al-Nasir, in addition to Egyptian intelligence's pursuit of the Islamic fundamentalists generally. Through its magazine, FILASTINUNA, NIDA' AL-HAYAH, Fatah exposed in 1958 the secret agreement between 'Abd-al-Nasir and the Israelis on opening Egypt's waterways to Israeli shipping.

In the face of the emergence of a serious movement seeking to liberate the occupied territory, the secular Arab rulers did not stand idle. Plans were formulated to besiege Fatah, to foil its forces, and to paralyze its activity. Those plans included:

1. The Arab revolutionary intelligence agencies', especially 'Abd-al-Nasir agencies', besieging of Fatah and the arrest and imprisonment of Fatah elements for a long period of time.
2. The projection of alternatives to Fatah, considering that the Arab leaders issued at a conference they held in Alexandria a resolution to form the PLO under the chairmanship of Ahmad al-Shuqayri and to form the Palestinian Liberation Army which receives its orders from some Arab rulers.
3. The projection of an ideological rival to Fatah Organization, considering that the Arab Nationalist Movement, led by George Habash at the time, was instructed to form the Popular Front. 'Abd-al-Nasir gave Habash 1 million Egyptian pounds to compete with Fatah and attract Palestinian youth.
4. The strikes against Fatah's concentrations and its supporters, the dispersal of those concentrations, the fabrication of wars with Fatah's battalions, and the practice of throwing those battalions into the fire. Our Islamic peoples have noticed the exchange of roles between some Arab regimes in striking against Fatah and have noticed that this game continues until the present.

If this is the reality under which Fatah lives nowadays, then the Islamic fundamentalists will not at all take part in attacking Fatah and letting it down. Rather, the Islamic fundamentalists hope that Fatah will restore an Islamic formulation to its structure, methods, and objectives. If there are fundamental differences between Fatah's position and the Islamic fundamentalists' position on numerous basic issues, this does not give the Islamic fundamentalists the justification to assault Fatah because it is the fittest among all the other Palestinian organizations and because fighting Fatah flows into the course of serving the interest of the enemy and of the secular leftist and communist organizations which were founded originally to offer the lackey revolutionary alternative and the alien ideological program, as we have already pointed out in connection with George Habash and his lackey leftist, communist, and internationalist front and in connection with some Arab revolutionary regimes that have killed all the hopes attached by our Muslim peoples to the fedayeen action.

The following further confirms that striking against Fatah serves the enemies' interests:

Israel has tried and continues to try to wipe out this organization whereas some Israeli circles, such as the Israeli Communist Party and others, build firm relations with Palestinian figures connected with or sympathetic to the other organizations.

The revolutionary Arabs have made it their objective to strike against Fatah's forces. After 'Abd-al-Nasir, the "revolutionaries" have carried on with what

'Abd-al-Nasir had wanted and have perpetrated the most heinous massacres against every Palestinian party sympathetic to Fatah.

The leftist Palestinians who are embraced by some regimes have directed their entire "struggle" against Fatah. This also confirms decisively that the wish of Palestine's enemies is summed up in eliminating Fatah.

Yes, any attempt to undermine Fatah will flow primarily into the course of serving the enemies' interest. This does not mean that the Islamic fundamentalists justify Fatah's mistakes and relations--relations through which the organization tries to find a ground for survival and for continuing its action amidst Arab and international circumstances that are not in its favor. Some vague statements may be made by some Fatah leaders and these statements may be later interpreted by these leaders in several ways as a means of political maneuvering in the troubled Arab and international environment. Judgment is passed not so much on these vague statements as on the clear statements and actual steps.

Finally, it must be noted that the Islamic fundamentalists support, even work side by side with any circle calling for the liberation of Palestine and acting sincerely and seriously to achieve this goal. The Islamic fundamentalists also stand against all the peace and capitulation theories because there can never be peace with the usurper Israel. There can only be struggle. Struggle, and only struggle, will liberate our sanctities and our usurped land.

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CSO: 4404/135

USE OF FUNDS TO BAIL OUT RICH CRITICIZED

Kuwait AL-MUJTAMA' in Arabic 19 Nov 85 pp 4-5

[Editorial: "Which of Two Deserves Public Money More?"]

[Text] Public money or the monies of the Muslims are a trust put in the hands of the ruler's duty to his subjects to preserve and invest that trust and spend it on the public interest. The ruler is responsible before God for spending and distributing this money. He is also responsible before his subjects. Consequently, any decision to dispose of this money is a sensitive and fateful decision because it is connected with the ruler's honesty and integrity on the one hand and with preserving the balance of justice and equality among the people on the other hand.

This is perhaps a necessary introduction to clarify our position on the use of public money to solve the financial crises experienced by Kuwait's rich collectively.

We declare clearly and frankly and state before all that public money may not be used to solve the crisis of the rich bankers or any crisis concerning a small group of citizens. We base this rejection on the fact that this money belongs to every citizen and every citizen is entitled to it. Use of this money for the benefit of a group of citizens requires the approval of every citizen. Public money may not be used to deal with crises unless they are catastrophic crises that affect the majority of the citizens and unless they are caused by reasons other than engaging in illicit activities.

Therefore, we reject the memorandum of the Chamber of Commerce and Industry and oppose the chamber's demand that public money be used to rescue bankers. We demand that the chamber shoulder the responsibility of those practices that have led it to this crisis.

We also demand that the government and the legislative assembly stop undermining the public's money and that they stop aligning themselves with a small group of people against the broad mass of the people. The government and the assembly made a grave and unforgettable mistake when they used public money and the reserve for future generations to solve the crisis of the unofficial securities market, called al-Manakh crisis, and when they spent nearly 2 billion dinars to solve this crisis. At the time, AL-MUJTAMA' stood up in firm opposition against the use of these monies to solve the crisis of the gamblers and usurers and appealed to officials in the legislative and executive councils to keep the public money clear of the financial crises.

We pose today a central question to the country's decision makers and to those in charge of the public money:

Who deserves public money more: bankers or people with middle and limited incomes?

Up to this moment, the government hesitates a thousand times in spending money to solve the crises experienced by the people with middle and limited incomes and it still repeats to us the instructions on the spending rationalization policy, with the spending on education reduced because of the spending rationalization, with the spending on services reduced because of the spending rationalization, and with the spending on salaries reduced because of the spending rationalization. We then discover that what we have saved in spending rationalization will flow into the pockets of the rich bankers.

It behooves them more to spend public money on developing and improving education in Kuwait. It also behooves them more to spend this money to solve the problems of the thousands of requests for housing. It behooves them more to spend it to improve the housing services offered by the government. It behooves them more to spend it to improve public services, such as electricity, transportation, and vital projects.

The government will not find anybody to support its demand for imposing levies on public services or for increasing these levies when it responds to these unjust demands by rich bankers.

The people's masses who have benefited only from the crumbs of the national wealth are more deserving of the 2 billion dinars demanded by the Chamber of Commerce and Industry.

We tell the government:

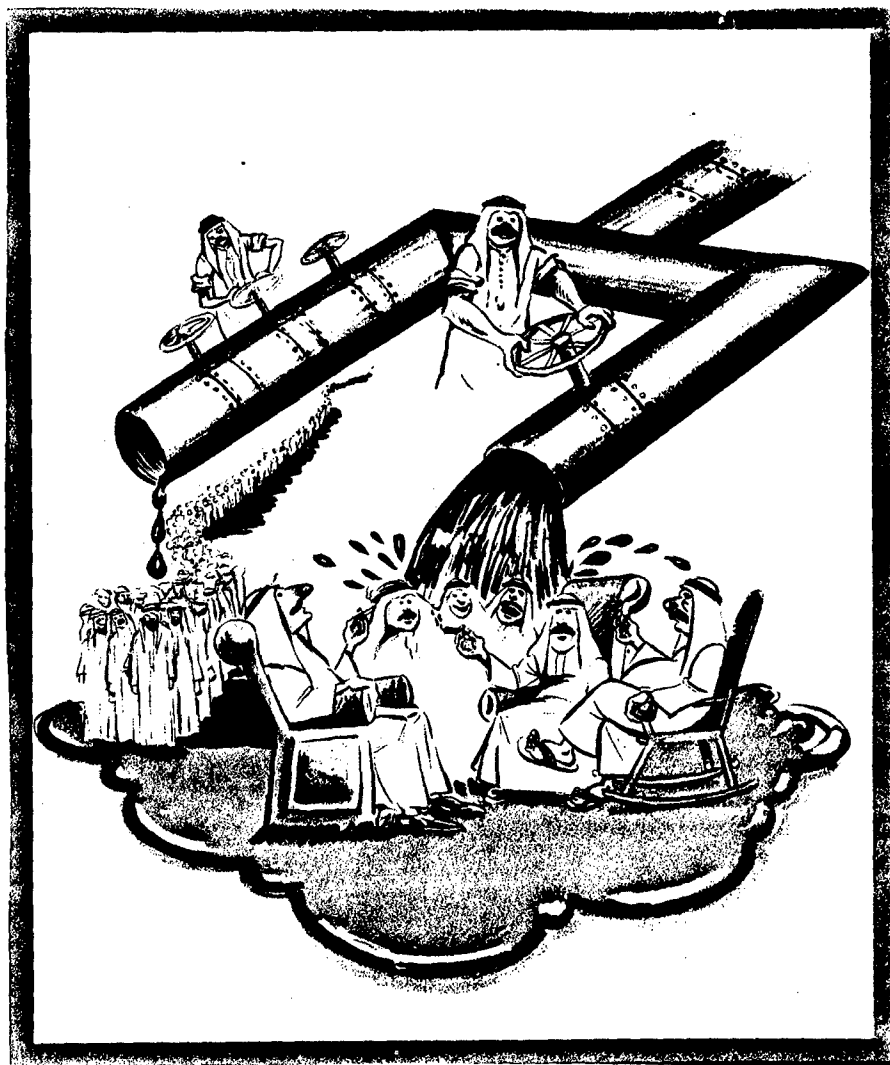
The time has come to bring to account those who fabricate financial crises in Kuwait.

It is time to ponder the consequences of defying God's orders and of dealing in prohibited usury. It is time to promulgate laws prohibiting usury and usurious transactions.

It is also time to let the banks tackle their economic and financial problems on their own just as they plan for their investments on their own. The banks are better aware of the weaknesses and strengths of the cure.

Finally, it is time for people to have God's fear in their hearts, to repent to God, and to abandon whatever remains of usury. God is compassionate and forgiving.

[Cover illustration]



8494
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MORE SCHOOLS, FEWER MOSQUES URGED

Kuwait AL-MUJTAMA' in Arabic 19 Nov 85 p 50

[Article by Dr 'Abdallah Fahd al-Nufaysi: "Muslims' Interest in Building Mosques Is Greater Than Their Interest in Building Hospitals and Schools"]

[Text] We, as Muslims, can perform the duty of prayer in numerous places. We can pray in public parks, in school yards, in open spaces, on sidewalks, in waiting rooms, and in many other places. But we cannot remove an appendix or a kidney stone in such places. Advance preparation of place must be made in order that we may be able to perform such a removal. This preparation is, very often, costly, complex, and intricate. Doing good deeds does not reside in building mosques only. I will go further and say that the Muslims' current need for a clinic that treats, a school that teaches, and a workshop that trains and for all other kinds of arts of developing the land is much greater than their need for building expensive new mosques, especially in Kuwait.

It seems that this competition for building mosques and this neglect of the other public utilities are the results of a fundamental misunderstanding of the Islamic method of building the land. Islam is the religion of life and of the Koran in its capacity as a complete plan for enhancing man. It is a book of activity, not a book of immobility. Education, medicine, industrialization, and vocational and professional development are all parts of life and of life's activity as the Koran wants it. It is sufficient to know that the Prophet, may God's peace and prayers be upon him, made it conditional that some prisoners teach the Muslims reading and writing in order that they may be released. The doing of good deeds must be free and must not be restricted by a mold. The doing of good deeds has a pure, soft, and sweet spirit that moves everywhere: in the street, on the sidewalk, in the school, in the university, at the bus stop, and in other places frequented by the public. To pave part of a road is a good deed, to purchase a lead pencil for a child so that he may learn reading and writing is a good deed, and to offer a thirsty person a glass of water is a good deed and an act of worship. Whatever can move man's life on this earth closer to ease, stability, and cleanliness is a good deed and an act of worship.

If people comprehended the social concepts of the Koran and the Sunna, the doing of good deeds would be turned into an active social development movement. If people understood the essence of worshipping God, we would find them worshipping God everywhere and while eating, writing, reading, or conversing.

"Let nobody belittle the worth of his work" and "Fear God, even if by sharing a date" are principles which the Prophet, may God's peace and prayers be upon him, embodied and which urge us to work for a better and cleaner life. We must ask our scholars and teachers whom we esteem and whom we love in God and for whose success we pray--we must ask them to urge Muslims to build medical, educational, and vocational centers. What a splendid idea it would be if a wealthy Muslim undertook to build a vocational training school in which Muslim children could learn to earn a living honorably and with dignity! What an even more splendid idea it would be if a number of Muslim doctors got together to build a medical center that offers technical medical services under the banner of unification! Isn't Islam the religion of life?

8494/12766

CSO: 4404/135

TRADE MINISTER DISCUSSES INDUSTRIAL DEVELOPMENT

Oman AL-'AQIDAH in Arabic 31 Oct 85 pp 12-17

[Interview Staff Colonel Salim ibn 'Abdallah al-Ghazali, minister of commerce and industry, by Majdi Abu al-Majd: "Minister of Commerce and Industry to AL-'AQIDAH: Comprehensive Industrial Renaissance; Path Is Now Paved for Extensive Legislative Activity To Insure Organization and Flexibility in Work; We Have Resorted to Scientific Approach Because It Is Final Umpire on Prices in Omani Market; Ministry Has Succeeded in Attracting Private Sector to Numerous Successful Industrial Projects; Tourism Sector Has Its Role in Bolstering Development March"]

[Text] The agenda of Staff Col Salim ibn 'Abdallah al-Ghazali, the minister of commerce and industry, is unimaginably busy. This agenda can hardly absorb all of the minister's responsibilities and duties: meetings here and there, studies, decisions, and numerous other activities that are real only to those who are close to him.

Yet despite all these numerous engagements and responsibilities, the minister does not neglect the media's responsibility and role in this phase. This is why he has given AL-'AQIDAH this exclusive interview which represents a requirement through which to familiarize the reader with the features of the economic and industrial future awaiting the Sultanate of Oman in the days to come and with the strategic and tactical lines that govern the development plans in these spheres.

AL-'AQIDAH sat down with the minister and presented to him numerous vitally important issues with which he did not get impatient, despite his numerous preoccupations. The outcome has been rich and abundant and we will present it to the dear reader in two successive editions.

This was the first issue we presented to the minister:

Comprehensive Development

[Question] To begin, we would like to familiarize ourselves, through you, with the commercial development undergone by the country, with its economic yield, and with the means to enhance and bolster it.

[Answer] The commercial development going on in the sultanate is part of the comprehensive development that has accompanied the all-out development activity

in all spheres of the country's life. This commercial development is made evident by the growing volume of commercial transactions, whether at the level of domestic trade or the level of commercial dealings with the various countries of the world that trade with the sultanate. If we take some indicators reflecting the constant commercial growth, we would find that this growth is embodied in two aspects: the number of commercial establishments and the foreign trade volume. By the end of August of this year, the number of registered establishments amounted to 23,700 compared to 5,594 establishments in 1977. In foreign trade, the volume of the sultanate's exports amounted to 126,619,377 Omani riyals and of its imports to 949,217,037 riyals compared to 1,207,020 riyals in exports and 302,064,175 riyals in imports in 1977.

There is no doubt that this growth has generated an economic yield compatible quantitatively and qualitatively with this ever-expanding development. A quick glance enables us to notice the big and continuing growth of the country's banking units, considering that these units are establishments that serve the economy. By examining the annual budgets prepared by these banks, the growing volume of the commercial transactions becomes evident to us.

As for the means to develop this sector, the government has taken a number of steps aimed at developing commerce--steps embodied in the infrastructure projects, such as roads, ports, and other facilities which have had the right impact on enhancing commerce. Qabus Port in the capital and Raysut Port in the southern province are among the outstanding accomplishments achieved by the government in this regard. Moreover, a number of trade laws, such as the trade register law, the companies law, the investment law, and other laws, have been prepared with the purpose of boosting commerce and advancing it on a path compatible with serving the national economy.

We Have Avoided Oil Price Fluctuations

[Question] So which are, in your opinion, the most significant spheres in which the sultanate can achieve greater development rapidly and seriously?

[Answer] The Omani economy has been managed so far in a manner that has enabled it to overcome the consequences emanating from the oil price fluctuations. This has been done by increasing the production of this commodity and by diversifying the other economic activities.

The other economic activities are industry, agriculture, and fishing, as well as minerals. These are the spheres in which greater development can be achieved.

The sultanate still has cultivable areas, if irrigation water is made available for them. Moreover, there is a possibility for vertical expansion through enhancing the productivity of the cultivated lands. The same applies to the fishing sector which constitutes currently, along with the copper industry, the fastest growing exporter insofar as non-oil exports are concerned.

As for industry, the capital needed for investment is available and the businessmen who are willing to and capable of investing in this sphere are also present in the sultanate. This is in addition to the purchasing power existing

in the Omani market, though this market is somewhat narrow, and to the agricultural base which the sultanate possesses, as we have already pointed out. This makes it possible to set up and develop successful agroindustries for processing fruits and vegetables, dairy and poultry farms, fish-processing plants, and leather plants for meeting consumption on the Omani market and the GCC markets. On the other hand, the sultanate can expand in the chemical and engineering industries, including the assembling industry.

Tourism's Role Is Coming

[Question] AL-'AQIDAH picked up the questioning thread anew, turning to the role tourism can play in serving the Omani economy and to the methods of investment in this sphere. How do you view this economic issue with its important dimensions?

[Answer] It is acknowledged internationally and locally that the tourism sector is one of the economic sectors well known for yielding hard currency primarily. This is in addition to the local revenues generated by internal tourism or by increasing the avenues of various investments in tourism through the distribution and redistribution of these revenues. The benefits of tourism vary from country to country according to the circumstances. Each country's utilization of this sphere depends on the degree of growth, development, and maturity in this sector. These elements of growth, development, and maturity determine the sector's contribution to the state's national product.

Consequently, there are pioneer countries in this regard, such as France, Spain, Italy, Austria, and Switzerland, where tourism's contributions have played an important role in maintaining their balance of payments or in repaying their foreign debts at times.

As for the Sultanate of Oman as a beginner in this sphere with its special circumstances, the benefits of tourism will depend on the amount of investment in this sphere according to the economic and social circumstances prevalent in the current phase of the development process. We can say that Oman's tourism sector has its advantages in the development march by way of the essential services it offers businessmen and visitors, in addition to the citizens. We expect the tourism sector's total contribution to amount to nearly 0.7 [sic] percent of the gross domestic product with the onset of the year 2000 and upon completion of the scheduled development plans.

As for investment in the tourism sector, it is totally similar to investment in the other economic sectors and is subject to Omani investment laws. However, most tourist projects are projects that require a relatively large amount of capital. Consequently, it is always preferable to conduct careful economic feasibility studies to ascertain the profitability of an investment and to make sure that it is free of major risks so as to reduce such risks, especially for private-sector investors. We should keep in mind that tourism as an economic activity is not characterized by perpetuity in all spheres and that it is strongly influenced by direct and indirect economic, political, and social conditions.

We expect that most of the investment in this sphere will be channeled in the coming years toward developing and enhancing internal tourism so as to bolster

its structure and to offer the citizens the opportunity of recreation. This is in addition to bolstering businessmen's tourism by developing the existing facilities, by supplying them with proper modern services, by developing good recreational sites accessible to visitors, and by enhancing the utilization of the important historical sites in the capital and around it.

Controls Through Sound Concepts

[Question] There is an important issue, namely the issue of the profit margins and prices of some commodities that are noticeably higher than similar prices in the world markets. How can this issue be tackled in a manner satisfactory to all?

[Answer] The issue of profitability is taken into consideration in economic analysis as an indicator of the soundness of a project. Under the canopy of a consumer market based on free trade and competition, the consumer is supposed to choose the proper alternative at the right price. When it is said that the prices are higher than similar prices in the world markets, we believe that this is an unjustified exaggeration. In this case, a study is required to compare the world markets' prices with similar prices in the sultanate to find out where the issue stands. There are numerous factors that ordinarily govern the prices of a certain commodity, be it imported or local. However, it is noticed from the statistics compiled by this ministry that there has been a drop of 17-18 percent in the prices of consumer goods throughout the sultanate in the period of 1980 until the present. So that statements may not be made offhandedly, this ministry is currently conducting a study on commodity prices in the country. This task has been entrusted to a consulting firm specialized in this sphere so that if the situation requires establishing some controls, such controls may be established through a sound concept.

Infrastructure Completed

[Question] AL-'AQIDAH then turned the interview in another direction and we asked the minister: The country is now aspiring to set up a strong industry capable of meeting its needs in the various industrial spheres. What are the bases necessary to achieve this aspiration and what is the possibility of securing these bases in the future?

[Answer] The Ministry of Commerce and Industry devotes great attention to the industrial sector by virtue of its extreme importance in diversifying the national income sources and in economic and social development. Moreover, the government of His Majesty Sultan Qabus has established industrial development as one of the main objectives of its long-range strategy for economic development in the sultanate.

To encourage the creation of a successful national industry, numerous infrastructure projects, considered essential for the success of industry, have been built in recent years. Numerous paved roads, airports, ports, means of communication, electric power plants, water projects, and other projects have been completed. There are infrastructure projects connected directly with industrial activity, such as al-Rusayl industrial zone which is supplied with

all the services necessary for industry. There are plans for setting up complete industrial zones in various parts of the sultanate with a high population density and with economic prosperity. The Oman Development Bank offers industrial projects long-term loans at interest rates lower than the rates prevalent in the market. Moreover, the Ministry of Commerce and Industry offers interest-free, long-term loans to industrial projects.

To organize the industrial sector, the law on regulating and encouraging industry was issued in 1978, defining the bases on which industrial projects are founded. The law contains numerous incentives to encourage investors to invest in the industrial sphere. These incentives include an exemption from customs fees for the machinery, equipment and raw materials needed for an industrial project, tax exemptions and protection for the local product through the levying of additional high customs fees on similar imports, and so forth.

Out of its awareness of the lack of new "ideas for projects" among investors, the ministry entrusts from time to time specialized international consulting firms and regional organizations to conduct the studies necessary to determine the potential for industrial investment in the sultanate. The ministry then studies the projects emanating from these studies, conducts economic feasibility studies on the projects, and offers these economic feasibility studies to the investors. Moreover, the ministry conducts from time to time specialized studies on Omani industry with the aim of eliminating the problems and obstacles impeding it and of offering the information and data needed by the investors to set up well-studied projects that are capable of succeeding.

Results and Fruits

The ministry's efforts have succeeded in attracting investments to the industrial sector and in setting up numerous food, construction material, chemical, and other plants that meet the citizens' needs. As a result, investments in the industrial sector rose from 0.4 million Omani riyals in the 1971-75 period to 75.1 million riyals in the 1976-80 period and are expected to amount to 401.2 million Omani riyals in the current 5-year (1981-85) plan.

The accomplishments achieved and the plans being made for the coming years are capable of giving the investor the confidence and courage to enter the industrial sphere and to set up more industrial projects that contribute to meeting the country's need for various goods and that enhance at the same time the economic and social development rates.

Development Phases

[Question] What is your general evaluation of the accomplishments and developments throughout the past 15 years, constituting the life of the blessed renaissance?

[Answer] The blessed renaissance began in 1970 with the construction of the infrastructure projects, such as ports, airports, roads, schools, hospitals, and centers to develop th human resources. Then the first 5-year (1976-80) Plan was implemented and was followed by the Second 5-year (1981-85) Plan which is about

to be completed. During this period, the sultanate has made numerous leaps and has achieved outstanding progress in all social and economic fields.

Even though oil is the most important mainstay on which the Omani economy rests, the economy has been managed in a manner that spares it the consequences of fluctuating oil prices. This has been done by increasing oil production, on the one hand, and by diversifying the other economic activities, such as agriculture, fish and mineral resources, industry, and commerce, on the other hand.

The Oman Amiantit Pipe Plant which started producing in 1977 was the first major plant to be set up in the sultanate. Then followed numerous other plants connected with the construction sector, such as dye, tile, and brick plants and food plants, including plants for the production of carbonated drinks and mineral water. A copper melting plant was built in Sahar and it has been exporting its products since 1983. Flourmills were built in Matrah and fodder plants were attached to them. Grain silos have been built at Qabus Port and the oil refinery was constructed and started production in 1982. The two cement plants were also built and both started producing in 1983. This production is expected to meet one-half of the sultanate's consumption of this commodity.

The Ministry of Commerce and Industry has focused on encouraging the private sector to operate in the field of industry by offering it numerous financial incentives, such as tax and customs exemptions, soft-term loans and feasibility studies on projects suitable for industrial investment. This is in addition to selling government stock to the private sector, as in the case of al-Falaj Hotel and the flourmills.

Biggest and Most Successful Step

But the experiment of al-Rusayl industrial zone is perhaps the biggest and most successful step made by the government to encourage the private sector by creating the proper environment for industrial investment. The government set aside an area of nearly 100 hectares and supplied it with the infrastructure necessary for industry, such as electricity, water, means of communication, and other essential services. The work on the first phase of building the infrastructure has been completed and the work on the second and third phases is nearing completion. A number of projects have already been settled in the industrial zone. Moreover, the success of this experiment has led to considering the establishment of similar zones in Sahar, Sallalah, Nazwa, and Sur.

Insofar as encouraging private investment is concerned, it is worth noting the constructive role played by the Oman Development Bank, which launched its activities in 1979, by offering medium-term and long-term loans and guarantees to Omani firms investing in industry, agriculture, fishing, and petroleum.

On the other hand, and to protect and encourage producers in the agricultural sector, sultan's Decree No 97/81 was issued in November 1981, establishing the Public Agricultural Production Marketing Authority.

To insure the availability of the major and essential food commodities, sultan's decree No 62/80 was issued, establishing the Public Food Stores and Reserve Authority. This authority has been performing its duties since 1980, thus sparing the country the danger of any bottlenecks in these essential commodities.

Vast Legislative Activity

During the renaissance period, the Ministry of Commerce and Industry has also overseen the vast legislative activity witnessed by the sultanate for the purpose of regulating commercial activity and insured the flexibility and encouragement needed by the commercial and industrial sectors. The 1970's witnessed the promulgation of the trade register, foreign investment, commercial representation, and insurance companies laws, in addition to the law to regulate and encourage industry. The number of firms and establishments registered by the end of 1983 amounted to 18,480 firms and establishments, including 16,690 firms and establishments totally owned by Omani citizens.

Finally, in the sphere of foreign trade, the exports leaped from 88 million riyals in 1971 to 1,527,200,000 riyals in 1984. Within this figure, the non-oil exports of Omani origin rose from 400,000 riyals in 1971 to 17.2 million riyals in 1984. As for Oman's imports, they rose from 40.7 million riyals in 1973 to 1,013,000,000 Omani riyals in 1984.

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CSO: 4404/140

DRILLING STARTS IN NEW PDO CONCESSION

Dubayy KHALIJ TIMES in English 22 Dec 85 p 19

[Text]

MUSCAT—Exploration activity has begun in Block 13, one of the two new concessions awarded to Petroleum Development Oman (PDO) by the government.

Block No. 13 stretches for nearly 200km along the edge of The Empty Quarter in a desolate area of dunes-and-gravel desert, west of Haima, to the north of the Muscat-Thamairit National Highway.

In the other concession area, demarcated as Block 14, which lies close to the junction of the borders of Saudi Arabia and the Peoples' Democratic Republic of Yemen, exploration work is yet to be taken up.

Survey control points have been installed in Block 13 by the Topographical Department for Phase I of seismic surveying, scheduled for commencement in January, to the north of Wadi Muqshin.

A second phase is planned farther west for a later date.

PDO's Chief Surveyor Mike Jensen

is quoted in the company's house journal Al Fahal as saying that control points had been put in using a helicopter.

"This is a difficult area for travel, with big dunes interspersed with gravel plains... and for this reason, we decided to use a helicopter to instal survey points.

"Oman Aviation Services were otherwise committed at the time, but a request to the SOAF (Armed Forces) gave us the help we needed. Without their assistance, it would have been a very long and arduous task... full support came forth from the Defence Headquarters in Muscat, Salalah and from the SOAF crew".

Mr Jensen explained that, although maps of the area were old and incomplete, there were three known points on the perimeter, accurately plotted from satellite positioning, carried out previously.

Once a fourth control point had been installed using a helicopter, computerised inertial surveying equipment was used on flights between the known points, to accurately set out locations used to make up the seismic programme.

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CSO: 4400/85

JOB MARKET STILL ACTIVE

Dubayy KHALIJ TIMES in English 12 Nov 85 p 4

[Text]

MUSCAT—A calm prevails in the employment market here. The exodus of workers, as predicted by certain trade sources last month, has not come true.

Some 45 projects, costing millions of rials, have been realised—some in time for last week's AGCC Summit celebrations, others for the National Day celebrations commencing on November 18. The projected "blank" on the construction plank has, however, not come through.

There are nearly two months to go for the Second Five-Year Plan to be through.

Construction activities continue, though in a low key, and the issuance of one-way tickets to workmen by major construction companies has been few and far between.

A major contractor, who built five flyovers in the Capital area, had sent home hardly 200 workers, as against an expected 2,000. Another International Grade contractor was in the process of shifting part of the workforce to a neighbouring state where the company had landed a fairly big job, while a third was recruiting as many as 200 persons to speed up a big project and beat the contracted deadline.

The manpower outflow in the last six weeks has been just 10 per cent of what trade sources had predicted.

His Majesty Sultan Qaboos' positive statement, that the Third Plan (1986-90) will be a natural extension of the

previous two and investment will continue unabated in infrastructure projects, has certainly pepped up business and made entrepreneurs do some positive thinking. Money will be found for the projects by the authorities, now that the thinking at the top has crystallised.

Construction companies have thought it prudent to issue return tickets to workmen who are being told of their return prospects within a certain period.

Should it happen that a company is unable to recall all those who are sent back within the stipulated 120 days, it can collect the refund in lieu of the return coupon from the airline concerned without incurring any additional loss.

A Grade I contractor said: "Things should be moving slowly, without any halt, till March, and by that time fresh work can be coming in, hopefully."

There is at present either a slump in the offtake of building materials or a substantial glut in the market—because prices of major items have taken a 3 to 7 per cent beating in as many weeks.

There is also scope for new entrants. A major South Korean firm has clinched a fairly big-size contract, in coordination with its local sponsors.

Two other international contractors, from Italy and the UK, have also landed reasonably big jobs.

All in all, construction seems to be entering a new phase and the advent of Third Plan should make further impetus to the surge ahead.

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CSO: 4400/85

WORK BEGINS ON NEW POWER LINK

Dubayy KHALIJ TIMES in English 24 Dec 85 p 4

[Text]

MUSCAT—Work has commenced on a new 150-km "hot line" which is to bring power to Nimr in the southern interior and link it with the generating stations farther south at Marmul and Rima.

All three points are within the sprawling concession granted by the Oman government to Petroleum Development Oman (PDO), the country's pioneering exploration company with majority government shareholding.

Nimr is planned to be on stream by the end of 1986, but power for commissioning it will be needed from the end of June. The first phase of construction will focus on building the line from Rima via Runib to the sub-stations at Nimr East and Nimr West.

The section to Amal is scheduled for completion by September next year, with the final contract completion date set for early in 1987.

According to the PDO periodical Al Fahal, the Rima-Marmul interconnector, which will enable spare capacity from either of the two power stations to be used in the intermediate fields, will also serve areas including Amal, Runib and Karim West.

Rated at 132kV, the line's transmission level is the same as the new line planned to connect Yibal and Fahud in northern Oman. But in terms of operational complexity in the south, it is a significant step. Power levels in the area hitherto have been at a maximum of 33kV and the new link will represent a four-fold leap.

The system's overhead lines will be carried across the desert on 3,500 wooden poles, half of which have already

arrived in the country. A special truck-mounted rock-drilling rig is being used to make the post-holes.

Similar lines, between Yibal and Qarn Alam and Yibal and Lekhwair, are planned for the future.

The RO7.95-million Rima-Marmul contract calls for the construction of six unmanned sub-stations, two of which supply the Nimr field.

The system will be controlled from Marmul by a supervisory control and data acquisition system (SCDA) similar to those used to monitor the main oil export line.

Project engineer Alan Blaylock is quoted as saying: "This transmission system represents a big step forward in terms of both levels of voltage and sophistication of equipment. It is needed because of the anticipated power demand from the new fields in the south."

The SCDA system information and control signalling will be transmitted at high frequency. However, there will be a physical check on sub-stations when switching-in and switching-out operations have been completed, just to make sure that things are as they should be.

Each system will have a "hot line" telephone to the control centre at Marmul and there is a back-up for the reporting system via the microwave link between Rima and Marmul.

● SAUDI Minister of Commerce Sulaiman Al Saleem left here yesterday after taking part in the opening of the second Gulf Exhibition.

Mr Saleem also attended the fifth session of the AGCC Trade and Industry Cooperation Committee besides the meetings of the AGCC specifications and measurement body.

MASSIVE MINERAL DEPOSITS FOUND

Dubayy KHALIJ TIMES in English 13 Dec 85 p 4

[From the "Oman Letter" column by P.S. Ramanathan]

[Text]

MUSCAT — Huge deposits of gypsum, marble, sandstone and granite have been discovered in Oman, holding out promise of big-scale prospecting during the third plan commencing next year.

According to a report published last week by the Petroleum and Minerals Ministry's Directorate of Minerals, the gypsum resources are estimated around two billion tonnes. Spread over a 600-sq.km. area, they can provide raw material for the country's cement plants.

The cement plant at Raysut, near Salalah, is already utilising local gypsum, and now that the road network and waterways are streamlined, the Rusayl plant in the Capital Area will also gradually switch over to local feedstock.

The major gypsum deposits are in Wadi Harzun, Wadi Yastih, Wadi Haluf and Wadi Thumrait. The last two sites have been listed as highly important in the report.

Wadi Haluf deposits are said to contain 80 per cent gypsum. There are at least half a million tonnes to be quarried from that site.

At Wadi Thumrait, deposits occur in two locations—Thumrait West and Thumrait East, with the latter holding 220,000 tonnes of 68 per cent purity.

In the western site, seven holes

were drilled, helping to identify two main horizons of gypsum, separated by a seven-metre-thick dolomite bed. Reserves at the horizons are put around 10 million tonnes in exposed form and 50 million tonnes buried. The exposed deposit is of 76 per cent purity.

Several areas in the north and south have been described as promising for marble exploitation.

In the south, the marble pockets are at Wadi Hizwa, Aateer and Ghady, while in the north, sizable deposits have been identified at Hyl Al Ghaf, Ibra, Nizwa, Wadi Adey and Wadi Mayha.

Four firms are already active, one prospecting marble slabs and tiles under a franchise with the government, and others producing chips and powder for terrazzo tiles.

It is understood that the unique shades and built-in designs of Omani marble hold long-term prospect. Discussions are being held to put up a cutting and polishing facility, possibly with sizable AGCC funding. The Omani product's quality is rated on a par with its Italian counterpart by expert analysts.

The newly-built Al Zawawi mosque at Khuweir in the Capital Area has made extensive use of Omani marble—a striking testimonial to its decorative and utility value.

Substantial deposits of limestone have been found, in the north and the south. Geological mapping has indicated the vastness of the spread, while exploration tests have pointed to a high degree of purity.

Pure limestone is already being

employed as flux at the Magan-Sohar copper smelter.

Good quality clay has been discovered in the vicinity of Magan-Sohar to serve the smelter well. There have also been finds at Nakhl and Behla. A modern pottery works, based on Chinese technology transfer, is in operation at Behla, not far from the traditional "choolas" that produce pots and kettles for the rural folk.

Quartz found at a place called Saih Hatat is said to be suitable for manufacturing bottles. Spotted in two-metre-thick veins, the reserves are estimated at around 35,000 tonnes. Quartz veins have also been detected in the basement rocks of Dhofar, to the east of Mirbat.

Hard white quartzite is found in large-to-moderate quantities at Wadi Daiqa, Wadi Mistal and Saih Hatat, while greenish hard quartzite occurs near Rustaq at Wadi Haysla.

Pink and orange sandstone is found at different sites, while granite rocks in pink and grey shades have been identified at Jebel Jaalan, near Sur, and in the Hasik-Mirbat stretch of Dhofar.

Meanwhile, tests have been conducted on samples of Wahiba sands, fetched from different spots in the 10,000-sq.km. area. The silica content of the sand being low, it is termed unsuitable for glass manufacture.

The third plan (1986-90) is to lay emphasis on industrialisation, based on local resources and manpower, and the discovery of minerals in various regions of the country seems to augur well for the future.

DEVELOPMENT OF LOCAL INDUSTRIES ENCOURAGED

Dubayy KHALIJ TIMES in English 2 Jan 86 p 4

[From the "Oman Letter" column by P.S. Ramanathan]

[Text] MUSCAT—The New Year has dawned on quite an optimistic note. His Majesty Sultan Qaboos has endorsed the Third Plan (1986-90) in a Royal Decree and very shortly the Development Council would release details of it in a special report.

According to indications, developmental activities will continue this year also, though it may take a few weeks for the momentum to pick up.

Construction activities are continuing, at a lower pace than in the first 10 months of last year when rapid growth was in evidence. It was linked with the AGCC summit of November and the 15th National Day celebrations which drew to a close last week with the opening of a Natural History Museum at the Ministry of National Heritage and Culture at Khuweir and a biscuit plant at the Rusayl Industrial Estate, both in the Capital area, and a modern tourist restaurant at Raysut-Salalahah.

Many projects of varying magnitude started functioning in the last quarter of the year, and their contribution towards import substitution is expected to be substantial during the Third Plan which stresses the development of farming, fisheries and industries of small and medium size with emphasis on local raw materials and manpower.

Of late, retail prices of many items have begun showing a steep decline. Such sharp price fluctuations are mostly confined to the imported

counterparts of locally manufactured items.

The manufacturing industry is of a very recent origin here, and since the setting up of well-planned industrial estates in Rusayl and Raysut-Salalah, authorities and entrepreneurs have been pooling their efforts and talents to make the ventures effectively with-stand unhealthy competition.

Introduction of a protectionist duties, to an extent of 25 per cent on imported items, is but one way of fostering local industries. Such tariffs are prevalent on items like cement, polythene and PVC pipes, polyurethane foam products, vegetable oil and hydrogenated cooking media, synthetic detergents, and certain types of paints.

The duties range from 15% to 25%, depending on the product, and the levy is fixed on the ability of the local units to meet the domestic demand, in quantity and quality, at reasonable prices.

The way certain importers reacted in the past to local industrialisation has caused some heartburning among some people. The 'dumping' phenomenon, that came to mark the field of domestic detergents and of late cement, polyurethane products and vegetable oil sectors, has been quite blatant.

That the bulk users of cement resorted to big-time imports, making light of the protectionist duty and adversely affecting local manufacturers' prospects, has prompted the authorities to introduce a new proce-

dure and a new set of documents for imports.

"We would like to know for certain if such imports are warranted," said a high official of the Commerce and Industry Ministry.

Last year, a detergent manufacturer here had witnessed imported brands being distributed almost free of cost through 'gift' offers—the price of the gift was equivalent to that of the detergent! However, a sales campaign in rural areas, coupled with good product quality, helped the local unit to hold its place and improve on it, marginally, later.

The weeks that preceded the introduction of a 25 per cent duty on imported vegetable oils and hydrogenated media on December 5 were marked by bulk landings of the commodities.

"There has been so much of bulk arrivals that it might take up to four months for the impact of the duty to be felt in the first place," a market source said.

If the past is any indication, it can be expected that the authorities, even as they insist on the local producer holding the price line, will not be mute witnesses to unhealthy trends hampering the industry. It is Omani money that has gone into the ventures, to sustain local requirements, and it is reasonable to expect a healthy environment for industrial growth. It cannot be long for the manufacturers to tide over the over-heads from capital investments, and they can expect to be effectively supported till then.

Paucity of funds with the civil contractors, specially Grades I to III, seems to be one reason why they opt for imported cement—because payments can be delayed—trade sources indicate. While it is reassuring that the local manufacturer is not averse to giving a 60-day credit for purchases, it takes a much longer period for his bills to be passed.

The plea for a longer accommodation may, perhaps, be considered favourably by the suppliers, in view of the fact that the purchase orders are backed by the requisite bank guarantee—and the commercial banks are flush with funds and extremely liquid.

The bulk of the country's construction activity revolves round jobs allotted by Ministries and governmental agencies. The bankers know that such projects are ideal for extending facilities. So, if the buyers who provide bank guarantees seek a reasonable extension of credit period, they have legitimate reason

to be heard. Perhaps, an interest formula, based on the bankers' rate, can be worked out for extended credits.

The construction sector has a ready forum at the Chamber of Commerce and Industry to forward their case. The coordination between the Government and the Chamber being very coherent, positive results should accrue from such efforts.

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THE travel industry, which has been recording healthy growth since the agency personnel stopped discounting fares, has been showing healthier trends.

While an agency has organised an India Week for a philanthropic cause, another has initiated a 'meet and greet' campaign for passengers transiting through Bombay.

The cash position with the agencies has been good in the post-cleanup period—and they are not averse to foregoing a part of the profit for providing better service to society.

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CSO: 4400/85

BRIEFS

INFANT MORTALITY DROPS--Muscat--There is a 50 percent decline in infant mortality rate in Oman--from 120 to 130 per 1,000 to 50-60. Not only that, most infectious diseases that afflict children are on their way out, according to the Medical Newsletter of the Post-Graduate Medical Education Committee of Oman. Dr Mussallam bin Saif Al Bualy, the consultant paediatrician at the Health Ministry's Al Nahdha Hospital, cites facts and figures to corroborate his article and says "It is gratifying that in a short period of active immunisation, measles incidence has been substantially reduced, from around 40,000 cases reported in 1980-81 to 10,000 last year." Encouraging results have been forthcoming from the field of combating diarrhoea. With a nationwide campaign, propagating Oral Rehydration Salts, the use of anti-diarrhoeals has dropped from 40,000 to 6,000 bottles per month and the intravenous administration of fluids halved. Diphtheria was becoming rare among little children. So were neonatal tetanus and tuberculosis. As for acute paralytic polio, its incidence was remarkably low. As against 300 to 400 cases reported yearly in 1975, the number now is 15 to 20. [Text] [Dubayy KHALIJ TIMES in English 26 Nov 85 p 4] /9365

SIX DECREES ISSUED--Muscat--His Majesty Sultan Qaboos issued two decrees on Monday changing the name of the Ministry of Environment and Prevention of Pollution to the Council of Environment and Water Resources. The council will have the communications minister as its president and the minister of environment and water resources as vice president. On Saturday, Sultan Qaboos issued four decrees. The first two concerned the switching of positions between communications minister Sayyid Salim bin Nasser Al Busaidi and the president of the State Consultative Council, Hamoud bin Abdullah Al Harthy, effective from January 1. The third decree nominated two deputy vice presidents and other members of the Consultative Council, while the fourth dealt with amendments to a number of regulations of the council, its infrastructure, term of office-bearers, constitution of the executive office and date of future meetings. [Text] [Dubayy KHALIJ TIMES in English 2 Jan 86 p 4] /9365

BUDGET FIGURES--His Excellency Qays ibn al-Mun'im al-Zawawi, deputy prime minister for financial and economic affairs, has stated that overall estimates for the sultanate's expenditures during the Third 5-Year Plan are 9,250 million Omani riyals, an increase of 1,882 million riyals over the Second 5-Year Plan. The overall expenditure of the First 5-Year Plan was 3,337 million Omani riyals. He said the sultanate was able to realize during the Second 5-Year

Plan an average annual growth of over 10 percent. The Third 5-Year Plan will give new incentive to economic and social growth in the country and aims at realizing an average annual growth of 4 percent. Concerning the sultanate's budget for this year, overall estimates for the sultanate's resources are 1,666 million Omani riyals and the total estimates for expenses, which include development and current expenses, are 1,868 million riyals. The budget includes a deficit of 202 million riyals. It will be possible to cover 169 million riyals of the budget deficit through various financing means and the remaining 33 million riyals will be settled next year. [Summary] [Muscat Domestic Service in Arabic 1300 GMT 5 Jan 86 GF] /9365

CSO: 4400/85

UAE PAPER INTERVIEWS PLO MILITARY COMMANDER

GF200934 Dubayy AL-BAYAN in Arabic 18 Nov 85 p 20

[Interview with Khalil Al-Wazir, alias Abu Jihad, deputy commander in chief of the Palestinian revolution forces, by unidentified correspondent--date and place not given]

[Excerpts] [Question] Brother Abu Jihad, the diplomatic move in the region is a U.S. move. Is what happened and what is happening in Amman an attempt to find common ground with this U.S. move?

[Khalil Al-Wazir] Allow me to say that this is not true and an incrimination to the revolution. Our political and diplomatic move is to resist the U.S. move and "solution" and not the opposite, because the U.S. move has three aims, which we cannot accept or agree on. These three aims are:

1. Weakening the PLO and erasing it from the region's conflicts and find alternatives to it.
2. Attempting to compel Jordan to unilateral and direct talks by imposing political and economic pressures on it. The latest form of pressure was the U.S. arms deal, the handling of which was linked with Jordan's approval of direct talks.
3. Ensuring U.S. strategic interests in the region by tearing apart the Arab ranks and extending all methods of power and superiority to the enemy.

Perhaps our method of resistance to this U.S. plan and the success of this method is the main motive for the conspicuous and declared hostile U.S. role against us. During the past months our concern was to maintain the PLO as strong, capable, united, and the sole legitimate representative of our people everywhere, a matter which did not allow for neither weakening nor creation of alternatives. Moreover, the understanding with Jordan on fixed points and lines is embodied in the joint agreement, which includes terms that refuse unilateral solutions and direct negotiations and calls for convening an international conference within the framework of the UN Security Council and with the presence of all council members and conflicting sides, including the PLO. We also endeavored to ensure any possible Arab solidarity with the success of our invitation to hold the extraordinary Arab summit in Casablanca, which set

a ground for clearing the atmosphere in the Arab arena. We also worked and are working to ensure an atmosphere for a summit between Egypt and the Arab nation. So where is the common ground with the U.S. policy? The correct thing to say bravely is that the PLO's policy is at the moment based on holding power in its contradictions with U.S. policy.

[Question] Honestly Brother Abu Jihad, there are those who say that the situation surrounding the PLO is partly the responsibility of the Palestinian leadership such as its method of work and plans.

[Al-Wazir] Certainly we are not angels. But this is like pulling wool over ones eyes. Unfortunately this has become the only justification of some Arab sides. At the same time the enemy and the United States say that the PLO is the obstacle before U.S. peace and the enemy is obliged to admit our military effort and political and military weight. Can such a joint stance between the enemy and the United States be a coincidence? We wish that wholeheartedly and wish that it was not a programmed agreement.

For example, let us point out that the United States agrees to hold unilateral negotiations with Jordan and refuses the PLO, and Shimon Peres calls on such negotiations and even presents a plan for it and the Syrian regime, which clamored on the Amman agreement, is now negotiating with Jordan and refuses to negotiate with the PLO. Is this not a clear similarity instances? I hope that such questions will not lead us to questions that were asked after the coup organized by Damascus in Fatah and the PLO in 9 May 1983 under the slogans of reformation, change, and upsurge.

Let us talk logically. The conspiracies and blows the Palestinian revolution is facing are in fact against the entire Arab nation and the masses of this nation in particular. The Palestinian revolution has become the point of polarization in the Arab world and the hope of every nation in dignity and victory. In my opinion our revolution carried out this role. Even the United States on various occasions talked about the international threat of the Palestinian revolution; Kirkpatrick U.S. envoy to the Security Council [title as heard], distributed brochures in which she tried to point out the extent of the revolution presented to the liberation movements in the world. Let us also try to find the answer to this question in the "white book" issued by the Israeli Foreign Ministry recently on the figures and facts of our Fedayeen operations and they certainly are not accurate. Whoever says about our policy that it is the basic of disorder and trouble wants the revolution to be fair game in their hands. We will not be that.

[Question] There is an impression that the "Achille Lauro" was a big political blow to the PLO. Did you assess the operation in this sense?

[Al-Wazir] Honestly the operation was harmful in the sense that it was carried out outside the occupied territories, and in the sense of its circumstances and conditions. In our opinion the real effort should be directed toward the occupied territories and against the military establishments and occupation forces. The results of the operation affirmed that. But this operation was exploited by the United States and the enemy as a pretext to direct a big blow against the

PLO. It was also used to cover up the barbaric Israeli raid on Tunisia. Let us ask the world: If the "Achille Lauro" operation was wrong and harmful, then what can be said about the hijack of the Egyptian plane and the attack on Tunisia, except that they were organized U.S.-Israeli international terrorism to which Washington is trying to make legitimate by describing it as resisting "Palestinian terrorism."

[Question] Do you agree with the general impression that the operation was wrong?

[Al-Wazir] The operation was wrong and everybody agrees to it and knows the nature of the mistake which was a tragedy for Palestinian work. The important thing is to learn from it and make all efforts to erase it which was considered a political blow to the PLO.

[Question] Can you tell us some of the secrets of this operation?

[Al-Wazir] In reality, the main question should be on the Syrian role and Syrian stance and what this strange and painful stance expresses. The entire Syrian Navy was engaged for a few days in searching the corpse of the handicapped American citizen who disappeared from the ship, then after finding the corpse Syria called Washington to hand over the body in an official ceremony. Why take this stance? Was it to further gain Washington's confidence? Is it an attempt to prove the truth of Washington's claims that the PLO is a "terrorist" and should be eliminated by U.S. methods? The U.S. and European press said that Syria made a great service to the United States and by this act distorted the image of the PLO on the international arena with the proof it presented at the discovery of the corpse.

[Question] It is said that after the "Achille Lauro" the space for the PLO began to narrow from Tunis to Amman. It is also said that Baghdad is not enthusiastic.

[Al-Wazir] These are merely speculations. For example, no change has occurred in the Tunisian position. The central headquarters of the PLO will remain there. Tunisian Prime Minister Mohamed Mzali affirmed this openly and clearly. The forms of Palestinian presence in the other Arab countries have not faced any harassment. With regard to Baghdad's enthusiasm it is fair to say that Iraqi brothers and President Saddam Husayn in particular affirmed their readiness to be available to the Palestinian revolution. However, we did not consider making any major amendments to the map of the Palestinian presence.

[Question] Hence, what is the secret behind the move to Egypt?

[Al-Wazir] Who will move? Who said that? Nothing was discussed without Egyptian brothers in this regard.

[Question] The transfer of the Palestinian leadership headquarters and some civilian and military institutions.

[Al-Wazir] Have you heard that from a Palestinian official who is in a decision-making position. These are merely rumors. When we decide to transfer the

headquarters to any Arab country we will do that openly and in day light. Depending on what is said by the media may sometimes lead to wrong conclusions. As I said we have no idea now to make major amendments to the map of the Palestinian presence.

[Question] Did Jordan request anything concerning the Palestinian presence there?

[Al-Wazir] Like what? Rumors circulated by some circles about the closure of PLO offices and deportation of PLO members are incorrect. I have to affirm that. All the administrative and organizational measures are made within the framework of our bilateral relations.

[Question] What about rumors regarding the deportation of some Palestinian cadres?

[Al-Wazir] The official Jordanian authorities have not deported any cadres. The brothers might have left Jordan due to their tasks and work only.

[Question] It is said that Jordan has given the Palestinian leadership 1 month to agree openly on resolutions 242 and 338 so that it can reconsider relations and a joint agreement.

[Al-Wazir] This is incorrect. Bilateral relations have been reviewed. The broad lines of all the pending issues have been set up.

As for the resolutions 242 and 338 our position is quite obvious. These resolutions are part of all the resolutions of the UN Security Council and UN General Assembly. Some of these resolutions recognize the right of our people to self-determination and to the establishment of an independent state. However, we do not agree on these two resolutions separately, because they do not recognize our rights or our national identity. Moreover, we were not a party in formulating or approving them.

[Question] Abu Jihad, between you and Washington there exists a war and your love with the Soviet Union has been lost. How are you moving on the international arena?

[Al-Wazir] Palestinian-Soviet relations are good and continuous. We look to the Soviet Union as a friend to our revolution, people, and cause. These relations cannot be crowned or destroyed by one event. They are an expression of coordinated stands on various issues and many developments. On our side, we are anxious to continuously develop these relations, because we recognize the value and weight of the Soviet Union with regard to our just cause. We are eager to witness a main and effective Soviet participation in any international conference on the Middle East. Contrary to what many believe, Palestinian-Soviet relations are currently witnessing a movement out of the frozen stage that followed despotic campaigns against the PLO by Syria and some Arab communist parties. The relations are moving toward a stage of clarity and frankness based on progressive steps.

Our relations with Washington, in fact, directly reflect the blatant aggressive stand taken by the United States against our people, our cause, the PLO, and indeed the entire Arab nation. Naturally, our stand toward Washington reflects this continuous U.S. aggression. Our movement on the international arena cannot be paralysed by U.S. aggression. On the contrary, the opposite is true. It is sufficient for the world to know that our movement is continuous and will not stop. Our existence is valid over the entire world. Even the U.S. administration knows this existence's effect and extent.

[Question] Do you fear a U.S.-Soviet agreement which does not include the Palestinian issue and the Middle East?

[Al-Wazir] We will not be surprised if this happened. Up to now there is no confirmation that the region will have priority or be included among pressing priorities on the superpowers summit's agenda. Let the facts be clear. The Palestinian issue is a fundamental factor for the lack of peace in the region, which affects the entire world. No power can ignore the PLO role or share within this framework. Its role is fundamental and cannot be overlooked.

[Question] If such an agreement is signed, do you fear that it may be signed at the expense of the Palestinian cause?

[Al-Wazir] We can say that Washington is trying to do that in light of its Middle East policies. However, we believe that the Soviet stand will be familiar to us, a stand based on support for our constant national rights. In any case, there are only a few days left [for the superpowers summit]. Let us wait and see. We have made Washington lose a valuable opportunity in thwarting all its attempts to finish and liquidate the PLO before the superpowers summit.

[Question] Does Abu Jihad expect the emigration of Soviet Jews to be on the agenda of the superpowers summit?

[Al-Wazir] I do not believe so. The Soviet Union will not deal such a hurtful blow to our people and revolution. I believe this topic is completely out of these discussions and Reagan has no right to discuss with Gorbachev the affairs of Soviet citizens.

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PALESTINIAN AFFAIRS

FATAH OFFICIAL AL-NATSHAH ON UNDERGROUND WORK, SYRIA

JN321125 Paris AL-MUSTAQBAL in Arabic 11 Jan 86 pp 28-30

[Interview with Rafiq al-Natshah, Fatah Central Committee member and PLO representative in Saudi Arabia, by Sulayman Nimr in Riyadh; date not given]

[Excerpts] AL-MUSTAQBAL: There was a call recently a return to underground action in the Palestinian arena. What is your opinion?

Al-Natshah: Underground action will be required during the coming phase. This is the ideal line the resistance can pursue in the near future. I would like to point out that if international politics continues to tamper with our rights and cause we will have no option but to turn underground.

AL-MUSTAQBAL: What do you mean by international tampering with the Palestinian cause?

Al-Natshah: International tampering prevented us from exercising our rights. I would like to tell you that we are asked to recognize Resolution 242. This means that we must end ourselves, our revolution, and our entity and a formal manner. We are not allowed to proceed on the path of peaceful solutions. How can others say that we are running after these solutions?

AL-MUSTAQBAL: How to you view Egyptian President Husni Mubarak's call on you to either recognize Resolution 242 or lose the chance for a solution?

Al-Natshah: I find such a statement strange because our position is firm. We informed President Mubarak that we could not recognize Resolution 242. The PNC's rejection of this resolution is very clear and this is a unanimous Palestinian rejection. I would like to ask; what will they give us in exchange for recognizing 242? Will they give us a state and return us to our homeland? If we recognize this resolution, we will end our existence. Here I would like to tell everyone that there are not solutions, settlements, or initiatives. Those who disseminate reports about a settlement of the Palestinian problem are serving the U.S. policy, either because they are ignorant of facts or because they are agents. We say that what we are mounting is a political movement. We are not seeking a peaceful solution, because we know that the current peaceful settlements will eliminate us.

AL-MUSTAQBAL: Our last question is about Syrian-Palestinian relations. Is there anything new in this regard?

Al-Natshah: I would like to assure you that there are contacts between us and the Syrian brothers. High-level Fatah officials held contacts with Syrian Government officials and PLO. We have been trying to restore normal relations from the beginning of the friction that took place between us and Syria. It is necessary to restore normal relations with fraternal Syria. We have no conditions or reservations on restoring relations with Syria. On the contrary, we place our forces and military resources at the disposal of fraternal Syria, particularly now that Syria is exposed to enemy threats.

AL-MUSTAGBAL: You say there are contacts between you and Syria. Can you shed some light on these contacts?

Al-Natshah: Let us proceed on the path of reconciliation. I believe that if anything is disclosed now it will not serve our purpose, which is restoring our relations with Syria to normal.

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SAUDI DAILY ON ISRAELI THREATS, U.S. ATTITUDE

PM181630 Jeddah 'UKAZ in Arabic 9 Dec 85 p 8

[Chief Editor Hashim 'Abduh Hashim article: "The New Israeli Game"]

[Excerpts] Are we still in a state of war with Israel? I ask the question, but I am well aware of the fact that there can be no end to the state of war with those who occupy Arab land, displace the Palestinian people, violate human rights, and practice all kinds of violence, discrimination, and racism. We cannot feel safe from these people and we cannot deal fully with them, let alone have them as partners in the region sharing its riches and fate. This is not a language reflecting a spirit of hostility devoid of any understanding of the cultural conflict between the Arabs and Israel, but it is perhaps the language which Israel has been using with us Arabs out of its belief that this "backward" nation does not and never will understand the meaning of balanced peace in the region.

I am not interested now in talking about the Arab situation, the possibility of Arab-Israeli confrontation, or plans for a ferocious war on more than one front. I am more interested in analyzing two new developments. A careful study and close scrutiny of their serious aims and dimensions would show the significance and possible effects of these two developments on the region's future, reflecting Israeli attempts to perpetuate the occupation and maintain all forms of superiority.

Addressing some Jewish organization leaders on a visit to Israel, Israeli Chief of Staff Moshe Levi said that the Kingdom of Saudi Arabia became a serious threat when it deployed U.S.-made fighter aircraft at a base not more than 200 km away from Israel last month. He also said that the F-5 aircraft pose a greater threat to Israel than the British-made Lightning aircraft recently stationed at the Tabulq base in the north of the kingdom. Levi criticized the United States for considering selling fighter planes and other weapons to Jordan.

The question is: Why is Moshe Levi saying these things to the leaders of the U.S. Jewish community and at this particular time?

We are used to hearing all kinds of talk from the Israeli leaders but this, more than simply being a part of the psychological warfare, carries many signs and indications which should not be overlooked or allowed to pass as mere propaganda

talk. The stage through which the peace efforts are passing confirms a number of facts, especially the following:

1. Israel shudders at the thought of a complete balance of power between it and the Arab states. That is why it tries to ease the tension in the hotbeds of tension in order to avoid confrontation and tries to conclude secret deals to neutralize situations and at the same time maintain its own internal level of preparedness and armament to be ready for any possible real confrontations in the future. It, on the other hand, tries to threaten the other growing forces in the region which are strengthening their defense capabilities and it tries to minimize the chances of cooperation between these forces and any other side, to the same end. It tries to sow suspicion between these states and their friends to prevent them from achieving the desired level of defensive power.

2. Israel makes a point of putting up trial balloons every now and then, thinking that such actions could scare others or make them change their policies and attitudes considerably. This must stem from aggressive intentions. The Israelis try to create the right atmosphere for the implementation of these intentions to test the opposite forces and gauge the reactions at home and abroad.

Israel would be making a grave mistake if it thought even for one moment that the Arab states, and particularly the Kingdom of Saudi Arabia, are prepared to abandon their strategic policies and attitudes, give in to threats or hints of threats, or respond to any pressure on friends or on the states and peoples of the region. In our resolute work for a just peace and for the restoration of legitimate rights we have not stopped and will not ever stop building up our military capabilities in any place or point, not out of aggressive intentions but out of a desire to protect the homeland and its holy places and face the avalanche of Israeli dreams extending in every direction.

The Israelis should not repeat their grave mistakes or use the same tactics with everyone. They must realize that the adventure they intend to carry out will cost them dearly, and it will also cost those who sympathize with them all the available opportunities for dealings with the states of the region. Israel should well understand that any action aimed at turning the world's Jewish community against the Arabs and against them getting the arms they need would only result in more tremors for the states which respond to such pressure and to Israel's claims and feigned fears. We do not believe that the United States is unaware of this or that it does not know in what direction Israel is pushing it.

The Kingdom of Saudi Arabia, which buys arms from anywhere to serve its interests and meet its needs, pays billions of rials for them. That is why it has no problem in procuring these arms from the places and in the specifications which meet its requirements, and puts them to the uses and the purposes for which they are bought at the times and in the locations and methods which serve its objectives.

Neither Moshe Levi nor anyone else has a right to object or drop hints about what is to come. Furthermore, it is not in the interest of any side to respond

to the Israeli blackmail, otherwise they would face more isolation and loss of credibility in the region and the region's doors would be opened wide to the other superpowers, who know how to deal with the region's states and how to provide alternatives which attract interest and serious thinking in the light of the many new developments.

3. In making such statements the Israelis exaggerate their role as a power which serves U.S. interests in the region. They want the U.S. Administration to be fully convinced that it is in the U.S. interest for Israel to remain the special power and for all the Arabs to fear it more and more, which would increase dependence on the United States to ward off Israel's evil and its expansionist threats in its capacity as the friend who can deter Israel and prevent it from harming the Arabs.

What we fear most is that the Israelis might succeed in instilling this stupid concept in American minds at all levels. Israel's aim is to weaken any link between the United States and any Arab state and to prevent any such special links from stopping Israel's fulfillment of its expansionist ambitions.

The source of our fear can be found in many U.S. attitudes and especially in the way the U.S. Administration, Congress, and even observers are handling the question of the arms deals some Arab states are interested in concluding with the United States. Very often Israeli pressure in the United States prevails and the U.S. Government finds itself siding with the Israeli claims and postponing many of the deals.

We do not know what the United States expects from the Arabs. Does it expect them to accept these negative attitudes and the continuous capitulation to everything Israel wants, making Israel the only side which gets advanced U.S. weapons and gets them gratis, while the Arabs are prevented from obtaining various qualities of equipment, without looking for alternatives here and there?

We believe that slamming shut the door of U.S. arms to the Arabs under Israeli pressure would be a great service to the Arabs because it would lessen their considerable reliance on U.S. technology and would give the Arab states the chance to expand in the diversification of their sources of armament and expertise.

Would that be in the interest of the United States?

Moshe Levi's aim was to convey a message to the U.S. Administration through that delegation. We are fully aware of the meaning and significance of that message, but we assure him that the reply he expects from the United States will not be the decisive factor in his reassessment. He must understand one important fact, which is that the Kingdom of Saudi Arabia, which never resorts to aggression and which makes every possible effort to pursue all the good lines with everyone and shuns all causes of tension and maneuver statements, cannot possibly accept this blackmail. It emphasizes that it is capable of dealing with all eventualities with its own intrinsic capabilities, manpower, military resources, and political stands and not through any other power.

Perhaps he realizes that the price for any adventure which he or any other Israeli leader might contemplate would be paid not only by Israel but also by other parties, and that he would be ill advised to enter into a direct confrontation of any kind with us for any motive.

That was one matter. The other matter is related to the statement made by a U.S. official in Washington saying that "the documents which U.S. naval expert Jonathan Pollard passed on to Israel dealt mainly with the military and anti-terrorist capabilities of some moderate Arab states." That official, who did not wish to give his name, also said that the documents mainly contained information about ways of jamming the radars of such Arab states as Egypt, Jordan, and the Kingdom of Saudi Arabia.

An Israeli source in Washington, who also did not want his name revealed, said that there was no spying on the United States in the Pollard case and that if there was any spying, the aim was to gather information about other states. End of news item.

We are in no position here to defend the United States or justify its oversight and weakness in the face of Israel's infiltration of its most sensitive departments. We just want to say that the aim of the report, with all its sensational details and implications, is to absolve the United States of the responsibility for supplying Israel with crucial information to ensure its superiority and guarantee its striking power in the region and its ability to deal blows to the Arab forces from time to time. It also exposes the collusion between U.S. organs and Israeli agents.

The only certainty here is that the United States is daily losing a new friend in the region. That not only doubles Israel's joy but encourages it to pursue its dream of taking the place of the United States in the region instead of just being its medium or broker. We do not believe that we need more evidence to substantiate this fact.

The Arab states do not doubt for one moment that in U.S. eyes their interests do not take priority over Israeli interests. They will wait a little while to see how seriously this new development will affect relations and the chances of cooperation based on trust, not lack of it. Shelving the issue or letting it pass quietly would not be the right thing to do and it would not serve the U.S. side, because there would be no room left whatsoever for joint work between the two sides.

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ECONOMIC OFFICIAL ON SAUDIZATION OF BANKING SYSTEM

Riyadh AL-YAMAMAH in Arabic 11 Dec 85 pp 26-29

[Interview with Mahsun Jalal: "Saudization and the Banks"]

[Text] In addition to the significance of the ideas and opinions Dr Mahsun Jalal can offer in any talk he gives, in view of the academic expertise and broad theoretical background he possesses, his new experience in the National Industrialization Company and the great value this project enjoys in the context of the local and Arab economy in the course of many programs and projects, presented for the first time, which involve firm, unusual boldness in unstable international circumstances, impart further significance to what Mahsun Jalal says through the simple, broad lesson from this experience, where there are Saudization and employment programs which find reliance on domestic personnel inevitable. Perhaps that is the focus of what AL-YAMAMAH has been trying to get at through a group of meetings, of which this has been the first.

[Question] Dr Mahsun Jalal, through your experience and the attempt you have made to apply Saudization, how do you view the experience from the inside?

Jalal: Through the first experience of 4 years in the Saudi Investment Banking Company, followed by the Saudi United Commercial Bank, the difference between the two experiences has been clear.

You can meet with great difficulty in providing Saudi personnel and nonetheless we have succeeded in attracting good Saudi personnel through purely personal relations, and they still represent good leadership positions and are senior officials.

When we took charge of the Saudi United Commercial Bank, the stage of establishment took about a year and a half. After that, we managed to attract a large number of young Saudis of various levels -- preparatory, bachelor's and masters'; about 100 graduates -- and sent them for training in Britain and on courses domestically. Following that, the rate of Saudization rose above what it had been before, when the ratio of non-Saudis came to 85 percent.

The Saudization of Decisionmaking

Saudization at the beginning meant Saudi ownership only, that is, the Saudization of capital.

However, if we take Saudization in the general, comprehensive sense, I mean the Saudization of decisionmaking in the bank and Saudization of management, as well as the Saudization of capital, of course, I can say that we have succeeded so far in most banks as regards the Saudization of capital, while the process of Saudization of decisionmaking still needs some time because in order to assign anyone financial decisionmaking or a financial process, whether he is Saudi or something else, he must have adequate expertise and experience in such matters and in local and international foreign plans and programs. This expertise will not be accessible to the Saudi citizen unless he is given full opportunities to take part in management and in decisionmaking; therefore, the issue differs from bank to bank. In some banks it is extensive and in some they just carry out pro forma Saudization.

Pro Forma Saudization

In the past, the banks made great profits; therefore you would find that they did not hesitate to employ two people in a single position, one a Saudi, formally, and the second a non-Saudi who would make the decisions and participate in management. However, as a result of financial pressure and the decline in banks' profits, it became difficult for these banks to tolerate this situation and therefore they started to dispense with some of their Saudi and non-Saudi personnel. Some of them most unfortunately started to get rid of Saudis more extensively; the reason was that Saudis were not effective from the technical standpoint and in terms of decisionmaking, and it was the foreigner who did the work. It was sounder for the bank, as an organization whose goal is to realize profits, to do without the person who was "ineffective."

Now we are entering into the stage of declining profits and of guidance, as it is called. It is clear that a number of banks have started greatly to reduce labor where this does not affect the course of work. That may explain or confirm that there has been surplus labor and that is the same thing I referred to when I said that they would employ two people in a single position, one of them a Saudi, so it could be said that they were employing Saudi employees, and the second a foreigner who did the work.

Saudization Is Not Easy!

AL-YAMAMAH: To what extent, then, have you succeeded in applying Saudization?

Jalal: As people monitoring some banks, we can say that Saudization in terms of the workforce has not been as successful as the Saudization of capital. The reason for that can be found in the newness of the banking experience in the kingdom, which is no more than 10 years, while some European banks have bank experience ranging from 100 to 200 years. Thus the process is not easy. Indeed, it will take time for its objectives to be realized, and it is not

natural for things to change in a short period; it is necessary therefore to wait awhile while overseeing the application.

Why Do We Need Foreign Experts?

There is an important observation, which is, why do we find in every country that all the people working in the banks there are natives of that country?

If we go to Egypt, the Sudan or Pakistan, you will find that people working in these banks are natives of the country and have been able to manage their banks by themselves; why do we in the kingdom need foreign experts? Perhaps because the foreign experts or partners have helped us apply the most modern banking systems which you might not find in banks in these countries. If you go into one of these banks, such as the Saudi-American, Saudi-French, Saudi-British or Saudi-Dutch banks, you will find it applying the most modern systems of exchange operations, accounts or information, but the process of training Saudis is still at the beginning, and I believe that we will need some time to apply it.

Importing Technology

AL-YAMAMAH: Commenting on what you have said about the banking services that exist in the kingdom and the question of importing technology in this area and others, that might not be as important as having personnel who will respond to the country's needs, because many reservations have been expressed on technology imports and the third world. The imports of these technologies which are surplus to our needs will be a logical justification for the continued need for foreign partners, whenever Western factories export new technology and new systems!

Jalal: The process overall is one of a balance whose goals change constantly. When the Saudization process began, the objective was to use and apply means which would in effect reduce labor. Therefore, reliance was placed on importing it not just in the banks but also in all other areas. This goal has now changed, and the matter has begun to be raised intensively, out of our feeling that there are Saudis who do not have work and that this number is constantly increasing.

The banks, being one of the large sectors in the country, would be able to absorb large numbers of young Saudis, after the government sectors and the oil sector, were it not for these complicated technical systems which prevent them from being assimilated. Therefore, the need is urgent to create the desired balance between applying complicated technical systems and assimilating increasing numbers of Saudis without work. That will be done only by giving Saudis an opportunity, through training, to acquire up to date knowledge in computers and other systems.

The important point as far as the subject of this training goes is that the banks were able to train during the previous period because of the profits they realized, but now their profits have started to decline and some of them, such as the Saudi United Commercial Bank and the Saudi Investment Bank, have started failing to realize profits. Therefore, they are now

unable to invest large sums in the training process. Would that this matter had been studied by the vocational institute, and that there had been more extensive training in the computer field.

Investment and Loans without Repayment

AL-YAMAMAH: The point is also raised, concerning the banks, that they must expand the investment base on a nationwide basis. How do you view this matter as far as the existing banks go, and also the expansion of the investment base with respect to the agricultural and commercial sector?

Jalal: Regarding this point of bank ownership, concentration of ownership, in banks or elsewhere, is normal because there always are people who try to buy stocks in specific companies and consequently there is concentration in their ownership. The banks without exception can all concentrate large shares of property in individuals. Take the French Bank; there is a group of people in whom ownership is highly concentrated. The British and Dutch Bank, the same thing. The Arab Bank also; a large share is concentrated. When I say a large share, 5 percent is to be considered a large share. If a person or family has 5 percent of a bank, that is to be considered a concentration of ownership. This is an observation of ours because the system consists of economic freedom and ownership, that is, you buy the stocks you can and there is nothing against it.

Setting out restrictions on ownership has more contrary than positive effects, because stock prices will decline. It is said that the reasons for the decline in SABIC company stock is the placing of restrictions on ownership at 1,000 shares. If someone cannot own 1,000 shares, demand will drop.

From the standpoint of the ownership of organizations, whether they are banks or something else, that can be considered only if the economic view changes and restrictions are placed on ownership. By the way, even the ownership of the Industrialization Company, although it is a new company, is greatly concentrated. I was astonished at the concentration which has occurred. That is, 60 percent of the shares of the National Industrialization Company are owned by less than 1,000 people now; 40 percent are owned by the rest of the shareholders, about 60,000 people. They are more concentrated because many of the shareholders who have 500 or 1,000 shares are selling them and the banks now have instructions to buy and ownership is becoming concentrated. That is the normal situation for them, because we are applying the principle of economic freedom and freedom of ownership.

The question arises of bank participation in investment activities. I believe that the main problem the banks have experienced is embodied in two aspects. The first aspect is that lending has been on an individual basis. Most lending has been to persons, not to organizations. If lending had been to existing companies with a basis and a general system as corporations with their separate responsibility, and the banks came to evaluate the companies in independent statements, there would to some extent have been greater lending on the part of the banks, but the banks went through an experience where lending was to persons. Persons are not permanent; a person can die or go bankrupt, and there have been people in the recent period whose wealth

has surged up rapidly but while they felt great wealth they started to spend great amounts and invest great amounts abroad domestically, tied their money up and no longer had freedom to move, and the banks were not able to get their money back from these people.

The increase in the establishment of organizations like the Industrialization Company and others will facilitate the process of bank lending and participation in investments, agriculture, industry, services or the like, since the bank deals with a body which exists and has its presence, current value and investment value, which makes it easy for the banks to contribute to development operations. That is, I believe that in spite of what is said relative to the conditions and lending of a company such as the Industrialization Company, for instance, or the SABIC company, there is no problem. The banks in reality seek us out. We have asked for a loan of \$110 million for the Eastern Petrochemical Company and all the banks are trying to take part in the process, even foreign banks, because this is an existing, well known entity. Banks will participate as long as entities of this form exist, because a company will not come and say that interest is forbidden and it will not pay it.

Then the subject of the banking system and protection of bank funds. The bank is only an intermediary between two, a depositor and a borrower. I have a million riyals which I put in the bank with or without interest. The bank demands. Most depositors receive interest, especially organizations or companies; when they put in a million riyals and get 10 percent on it, the bank comes and lends it to a person and takes 12 percent for it, for example. The bank constitutes an intermediary. The bank in this process only gets the difference between what it pays and what it collects. If the borrower comes and refuses to pay the commission or loan principal, the bank in its turn will not be able to meet its commitments. In our current system, there is no way of exerting pressure specifically as regards commissions. That is possible sometimes with respect to the loan principal -- there is a way of collecting that from the borrower; that process in itself can take 5 years, and it is necessary to review these things one way or another so that depositors' funds will be guaranteed with respect to borrowers. I do not now have figures in my possession but the complaint is that there is even a large number of borrowers answering the telephones of banks they have borrowed from. This is not a normal situation.

Resulting from this unnatural situation are what are called dubious debts which reduce the bank's profits since it continues to pay the interest due depositors. There is no way around this problem except in the case the bank is able to build up a reserve for these dubious debts by paying interest at lower than the prevailing rate or by having deposits in current accounts on which the bank does not pay interest.

AL-YAMAMAH: What we know is that there is civil protection!

Dr Jalal: The banks are now saying that they are even prepared to be liberal with interest, but the most important thing is the amount itself. However, what happens is that a case can stay for 2 years in the board resolving disputes; even if the case is brought before the governor's office the

measures take a long time and the loan is still in effect. The bank makes payments to the depositor on the one hand and does not get anything from the borrower, and that is the present situation now.

We expect that the economic cycle will be reversed and that things will start to prosper, and when things prosper the severity of the problem will decrease. However, if things continue to be aggravated as they are now, the situation will be frightening; if a bank collapses that will affect the whole economic situation.

AL-YAMAMAH: Discussion is also raised on the foreign investments of foreign banks and their lack of investments domestically. How would you describe the situation?

Dr Jalal: These banks have massive deposits for Saudi depositors estimated at about 50 or 60 billion riyals; of course a bank does not speculate with its depositors' money on new activities or activities hedged about with risk, because it expects that the depositors will come at any time to take their money. Therefore, the banks have formulas which are called financing operations, in the sense that if you lend to a 6-year project, there must be sources which have money for 6 years. That is the balance between the loan period and the deposit period. Proceeding from this premise, foreign banks have not ventured on many investments in development projects and those which have participated in some projects such as the SABCO projects and others got "enmired" in them. Banks cannot lend great amounts in the context of long-term or short-term deposits unless they have long-term deposits.

Saudi Investors Are To Be Forgiven!

AL-YAMAMAH: We have learned the reasons why foreign investors have not made investments; why haven't Saudi investors done so?

Jalal: Investment in industry or agriculture is not a simple process. It takes institutions such as the Industrialization Company which first of all learn about the projects which are the objects of investment, economic feasibility study and designs, then execution and finally production. All these processes take a long time, which could come to 3 years. You as an investor can put your money in a project only if you have become convinced that it will succeed and pay out rapidly. The money is there; what is required now is to create institutions, government or private, which will take charge of the process of performing the role of organizer and learning about the projects and their study, then after that we can collect the money. We do not now have a problem. When we submitted four or five projects we found the necessary financing. Thus the issue is not one of a lack of confidence in the national economy, one related to the smuggling of money abroad or anything else at all. Everyone who has put "his money" in banks domestically or abroad is just waiting for an appropriate opportunity to invest his money. On that basis, the Saudi investor is to be forgiven; the money in his possession is ready and waiting for carefully studied projects.

The Saudization Program Is Binding on the Foreign Partner

AL-YAMAMAH: How do you view the issue of setting out a program binding on banks with foreign partners relative to Saudization in cooperation with the Saudi Monetary Authority?

Jalal: In no case do we say that we will dispense with foreigners 100 percent. Rather, the Monetary Organization can determine a schedule for substituting competent trained Saudi personnel for foreign workers in higher leadership and management positions. The board of directors in any of these banks, most of whom are Saudis, are supposed to carry out this schedule for substituting Saudis in jobs and demand that the bank director carry that out. However, the problem is that the bank director says that he is prepared to substitute Saudis on condition that you bear the responsibility. I do not know if the foreigner functions better than the Saudi or not. However, this is the people's money, and a sensitive issue, and this money must be protected and the bank must protect itself.

Saudis Administer Their Country -- Can't They Administer Banks?

AL-YAMAMAH: We believe that what people say is not scientific and serious. The country, God be praised, is full of people who are able to make decisions and protect other people's money.

Jalal: The important point in this regard is that foreigners are partners in the project, essentially, and they are the ones who are managing it now. You as chairman of the board come and tell him "I want you to put in Saudis or to Saudize these positions." He will tell you "I have come and I have a technical agreement with you to manage the bank on my own responsibility. Now you come to me and interfere. Therefore you have to bear the responsibility!"

I do not believe that the matter is related to the ability or inability of Saudis. I had previously stated and explained in more than one meeting, "Many Saudis, ministers and deputy ministers, administer the whole country; can't they administer a bank?"

I said, "The people who administer banks in Pakistan are Pakistanis and they have not brought in foreigners. In Egypt they are Egyptians and have not brought in foreigners. We here administer our whole country. The governor of the Monetary Authority is a Saudi and the people who administer it are all Saudis. The people who administer the Ministry of Finance are Saudis, and the people who administer the country and make the decisions are Saudis. Can't we administer banks?"

However, at the same time he comes back and asks you to give him an opportunity to train Saudis and to give him more time, because according to his belief bank activity entails some technical aspects which require understanding, awareness and maturity.

AL-YAMAMAH: Do you really believe that it is in the interests of the foreign partner to train Saudis?

[Answer] At some period in the past the foreign partner was anxious to be present in the country since the massive activity connected to development required massive bank activities as a consequence. I mean, they were anxious to stay in the kingdom in order to benefit from this situation. I do not now know if their view has changed with the "contraction" in activity! Perhaps they have greater interests in the "long run" in the investments of their bank than their personal investment, and I do not consider the desire of some banks to reduce the number of their employees far-fetched, as long as their share of the profits ultimately is 40 percent. I cannot give a precise answer about their real intentions.

An Institute for Bank Training

AL-YAMAMAH: When Saudization programs are set out, they are set out for a small amount of the profit realized during this period. Consequently the banks must take a step in the direction of training, for instance establishing a bank training institute, which is a national project. Why aren't such decisions taken in the banks?

Jalal: I do not want to mention names. There are banks which are making efforts in this direction and are establishing institutes where their employees are trained. I know that a young man with a master's degree in engineering is now working in a bank; although his specialization is in the field of engineering, the bank sent him on a training course for a period of 6 months in bank activities and computers. He is now on the job. This sort of bank is sincere as far as the Saudization process goes. The Monetary Authority can ask each bank to supply it with a regular report on the nature of the work it is doing in the areas of training and Saudization. I believe that this sort of followup will require an agency on the part of the Monetary Organization.

The Seriousness of Saudi Trainees

AL-YAMAMAH: What about the receptivity of Saudis toward training in bank activities?

Jalal: In the past the trainees looked upon the training process as a waste of time and nothing else, but now you can find young Saudis who are highly receptive to training because of their total awareness that if they do not work and are not devoted to their work no one will pay attention to them. The nature of young Saudis' thinking has now changed: You as a young Saudi will not find work now unless you have productivity and devotion in your work. This is an important point since the organization in which you work is "the source of your livelihood." We are now entering into this stage and therefore training will be more useful than before. I myself have witnessed our young people's receptivity to learning computers and acquiring skills even at times they are not asked to work, such as the afternoon period, for example. In the Industrialization Company, for example, although we have said that there is no work in the afternoon, they still come and we have provided them with people to train them in computers.

Eliminating Special Benefits

AL-YAMAMAH: As far as the Saudization program goes, there have been observations on the benefits Saudi personnel receive in comparison with those given to foreigners. What is your opinion relative to the benefits foreigners get?

Jalal: In the previous period, the banks realized large profits. Therefore, we found that they were lavish with their Saudi employees and gave them large salaries relative to their productivity, regardless of their contribution to the job. The banks have now started to be aware of that and have started to exercise "guidance" and give salaries on the basis of productivity! Saudis in the banks previously received greater benefits than foreigners did. The English, for example, received an overseas allowance and a hardship allowance, on grounds that the kingdom is a hardship area, but these benefits have now been abrogated although some banks are still giving them. As far as the Saudi United Commercial Bank goes, there has been a reduction in large salaries, whether for Saudis or not, and this reduction does not just include the base salary; it goes beyond it to other benefits.

AL-YAMAMAH: In your capacity as an economist, are you satisfied with what the banks have offered the country so far in general?

Jalal: To be objective, we go back to every statement we have made; the subject has two sides, the framework in which the banks operate and what the banks have offered. You do not expect a bank to do much if it cannot protect its money in the absence of a statute which will help it. The bank works in a specific climate of traditions and social customs. In order for us to rule if the banks have or have not been provident, we must take this into account. I could tell you simply that the banks have not been of service but that is not fair. You must look at the circumstances in which the banks are operating. I believe that they are difficult circumstances from the angle of guaranteeing depositors' rights and the angle of the extent to which the bank goes and complains to someone. When we make a contract to establish a bank an "embarrassed person" goes to the clerk of justice to register the bank. These are the circumstances in which the banks operate, and you must judge them in this framework.

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CSO: 4404/146

BRIEFS

MILITARY APPOINTMENTS--Royal decree No A/105 dated 25 December 1985 was issued promoting Staff Brigadier General (Fahd Ruqayban al-'Utaybi) to the rank of Staff Major General as from 13 September 1985. Colonel ('Abdullah Jilbakh al-'Ulaymi) is to be promoted to the rank of Brigadier General as from 17 August 1985. Also a royal decree No A/103 dated 25 December 1985 was also issued: Brigadier Generals (Amin Husayn Zaquzuq) and ('Abd al-Rahman 'Abdullah al-Jasir) are to be promoted to the rank of major general as from 21 November 1985. Colonel (Salih Faris al-Zahrani) is to be promoted to the rank of Brigadier General Doctor as from 16 September 1985. [Text] [Riyadh Domestic Service in Arabic 2000 GMT 31 Dec 85 LD] /12232

ISLAMIC LOAN TO PAKISTAN--Jeddah, 12 January (SPA)--An agreement was signed at the Islamic Development Bank [IDB] in Jeddah today whereby the IDB will finance a foreign trade transaction to the amount of \$30 million in favor of Pakistan to import date oil from Malaysia. [Excerpt] [Riyadh SPA in Arabic 1100 GMT 12 Jan 86 GF] /12232

KING'S CHARITABLE DONATION--Amman, 12 January (SPA)--His Majesty King Fahd ibn 'Abd al-'Azia has donated \$50,000 to the Queen 'Alya' fund for voluntary work in Jordan. The Saudi ambassador in Amman handed the donation to Princess Basmah, chairman of the fund's board of trustees. [Summary] [Riyadh SPA in Arabic 1507 GMT 12 Jan 86 GF] /12232

IMPORT STATISTICS--A responsible source at the Ministry of Finance and National Economy has stated that a report presented to the minister by the Statistics Department shows that the Kingdom's imports during the first 9 months of 1985 reached 64,540 million riyals, compared to 93,505 million riyals during the same period of 1984. [Excerpt] [Riyadh Domestic Service in Arabic 1130 GMT 13 Jan 86 GF] /12232

CSO: 4400/84

REVIEW COVERS VARIOUS ASPECTS OF DOMESTIC ECONOMIC DEVELOPMENT

Damascus TISHRIN in Arabic 2 Nov 85 pp 4, 5

[Article by Ahmad al-Asfar al-Lahham: "An Interpretation of the Basic Indices of Economic Development in the Syrian Arab Region and the Importance of Social Considerations for the Development Process"]

[Text] Development and Development Planning in the Syrian Arab Republic

Development and planning activities in the Syrian Arab region have witnessed a substantial qualitative and quantitative evolution since 1963 which has enriched their experience and has been embodied in the quantum leaps each plan has witnessed over the one preceding it, in the amount of the value of investments allocated to it. While the first 5-year plan was in effect an investment program supported by some overall studies within a general framework and specific goals, lacking study for integration and containing contradictions among projects, the second 5-year plan was in effect a quantum leap forward, since some personnel and experts were trained in the bodies engaged in planning and preparatory sectoral committees were formed for the plan, in addition to other committees in the governorates for studying resources and learning about requirements. A group of projects were proposed and a group of plans were set out to be carried out within the context of the general plan. This plan also included some estimates of the financial resources available to the public sector and some estimates of the foreign sector. A group of studies dealt with some domestic and foreign economic changes.

Then came the third 5-year plan, bearing some first steps in production planning in organizations along with it, especially in the public sector organizations. As well as being an investment plan, it contained a productive plan for the sector of agriculture, another for the sector of industry and another one for energy and fuel. In this plan, the notion of annual planning was introduced, and some features of workforce, education, qualification, training and other planning appeared.

In the fourth 5-year plan, the large number and immensity of investment projects dominated planning activity and added another basic goal to those of the third 5-year plan, which was the suppression of inflation, the failure

to go more than 30 percent above the level of the base year in the plan period and the provision of all energy resources locally whenever that was economically and technically possible.

Shortly before the preparation of the fifth 5-year plan, the economic situation in the country, especially the situation during the fourth plan, was evaluated and studied. The Government Planning Authority managed to prepare requisite studies on a number of sectors, such as transportation, communications, health, housing and agriculture. In the light of these studies, long-range views were set out for dealing with the main economic and social variables and indices to 2000. The orientation of the fifth 5-year plan, which concentrated on the development and increase of production and production planning in the light of need and demand, was on this basis, and the system of planning for development assumed new content based on investment programs. A start was made for the first time in using commodity balances, human balances and different technical instruments followed in planning (1). The development plans also witnessed quantitative developments similar to the developments in kind they had witnessed. The total value of plan investments rose by great record figures when compared with the first 5-year plan, the value of whose investments came to about 2.72 billion Syrian pounds, rising to 4,955,000,000 pounds in the second 5-year plan, an index of 183 relative to the first plan. The value then rose by an index of 294 in the third plan, by 1,991 in the fourth plan relative to the first plan (100), then by an index of 3,731 in the fifth plan.

Table One shows total plan investments, the share of each and the rates of increase.

Table One, Showing the Distribution of 5-year Plan Investments by Public and Private Sectors and Percentage (Value in Millions of Syrian Pounds)

Investment Plan	Plan Period	Distribution of Investments					
		Public Sector		Private Sector		Total	
First 5-Year Plan	1961-65	1,720	63.3	1,000	36.7	2,270	100
Second 5-Year Plan	1966-70	3,454	69.7	1,501	30.2	4,955	100
Third 5-Year Plan	1971-75	6,447	80.5	1,553	19.5	8,000	100
Fourth 5-Year Plan	1976-80	44,778	82.6	9,288	17.4	54,166	100
Fifth 5-Year Plan	1981-85	80,788	79.6	20,705	20.4	101,493	100
Total	1961-80	137,187	80	34,147	20	171,334	100

Source: 'Isa Darwish, Industry and Energy in the Syrian Arab Republic, Ministry of Culture and National Guidance, 1983, p 202.

This development in the value of investment reflects the increasing importance the government has assigned to development and planning affairs, while also reflecting the development which has occurred in the increase of financial resources in the Syrian Arab region in the previous years, during the period 1963-85 (Table One).

Second: Indices of Economic Development in the Syrian Arab Region

In the forefront of the indices of economic development the country is witnessing, those which strive for a development in fixed capital formation and the workforce and the development of domestic product stand out. A study of the two sectors' structure with respect to these indices reflects the most important transformations which have occurred in the economic structure in the form of growth in specific productive sectors and decline in other productive sectors, as well as revealing the growth rates in each sector independently.

In the area of fixed capital formation, which constitutes the total actual investments used as fixed assets in the organizations and authorities of various sectors during the overall period, 1963-82, this rose at an annual growth rate of about 9.5 percent a year and witnessed great developments in its sectoral distribution. While the agricultural sector had had a share equal to 7.2 percent of total formation in 1963, in 1980 fixed prices, its share in 1970 came to about 15 percent, then dropped to about 5.8 percent in 1982, while industry's share rose from 26.7 percent in 1963 to about 45 percent in 1975, then dropped to about 32 percent in 1982. In addition, the transport and communications sector's share dropped slightly from about 17 percent to only about 15 percent. It should be observed from the accompanying Table Two that the rate of growth in total fixed industrial capital formation is higher than in the other sectors, which has led to a rise in its share of the total formation and put it at the head of the sectors containing a large share of fixed capital.

Table Two: Showing Total Fixed Capital Formation by Sector and Its Relative Composition in Fixed 1980 Prices, in Millions of Syrian Pounds

Sector	Years							
	1963		1970		1975		1980	
Agriculture	179	6.8	479	15	591	6.8	525	3.7
Industry	715	26.8	847	26.5	3,936	45.6	4,048	28.6
Transport and Communications	468	17.6	556	17.5	1,608	18.6	1,629	11.6
Housing	846	31.8	886	27.7	1,422	16.5	4,036	28.6
Other Sectors	452	17	424	13.3	1,079	12.5	3,878	27.5
Total	2,660	100	3,192	100	8,636	100	14,116	100

Source: Central Bureau of Statistics, Statistical Compendium for 1983, p 482.

The total volume of manpower rose by an annual rate of approximately 3.2 percent in the period 1970-1979, since the figure rose from about 1,571,000 persons according to the 1970 census to about 2,092,000,000 persons in the 1979 estimates. The highest rate of growth was reached in the building and construction sector, 10.7 percent a year, then the finance and insurance sector, 8.5 percent, group and social services, 7.7 percent, industry, 6.5 percent, trade, 4.5 percent, then transportation and communications, only about 4.4 percent. The volume of the workforce in the agricultural sector declined by an annual rate of close to 9.9 percent, where the figure dropped from about 752,000 in 1970 to about 687,000 in 1979 (Table Three).

Table Three: Showing the Distribution of the Workforce According to Categories of Economic Activity for the 2 Years 1970 and 1979 and Rates of Annual Growth

Economic Activity	Workforce, 1970 (1)		Workforce, 1979 (2)		Rate of Annual Growth
	Number	Percent	Number	Percent	
Agriculture	752	47.8	687	32.8	-9.9
Industry	207	13.2	366	17.5	6.5
Building and Construction	115	7.2	287	13.7	10.7
Trade	145	9.3	217	10.5	4.5
Transport and Communications	64	4.0	95	4.5	4.4
Finance, Insurance and Services	10	0.6	21	1.0	8.5
Social and Group Services	214	13.6	419	20	7.7
Not Stated	5	0.5	---	---	---
Unemployed and Without Work	59	3.7	---	---	---
Overall Total	1,571	100	2,092	100	3.2

Source: (1) Central Statistics Bureau, Statistical Compendium for 1976, P. 142.

(2) Central Statistics Bureau, Conclusions of Research on the Manpower and Workforce Population Sample in the Syrian Arab Region, 1979, p 32.

In spite of the rise in the ratio of the workforce to total manpower from 38 percent in 1970 to 39 percent in 1980, its ratio to the total population

dropped from 24 percent in the year to 23 percent the latter year. That is attributable to the drop in the ratio of the volume of manpower to total population from about 64 percent in 1970 to about 57 percent in 1980, because of the drop in the death rate among children, infants and adults over 60 in the wake of the spread of health services in all areas of the country and the possibility of limiting the spread of plagues, diseases and so forth. The increase in the ratio of the workforce to manpower may be explained by a rise in women's participation in economic activity. (Table Four, showing the population, manpower and workforce in 1970 and 1980, rates of growth during the period and percentages.)

Table Four, Showing the Population, Manpower and Workforce in the 2 Years 1970 and 1980 in Thousands and Percentage Increase

Data	Number, 1970	Number, 1980	Percentage Increase
Population	6,304	10,096	60
Manpower	4,039	5,827	44
Workforce	1,571	2,326	48

Source: Dr Safadi al-Akhras, Areas of Sociology, Damascus University Publications, 1983, 1984 (p. 369).

The value of gross domestic product rose during the period 1963-1982 by an annual rate of approximately 7.5 percent. The material production sectors contributed to the value of this product by rates of from 42 to 49 percent, while the contribution of sectors connected to production services ranged from 39 to 41 percent and the sectors of various other services from 10 to 20 percent.

In 1963, the basic production sectors (agriculture, industry, building and construction) contributed about 49 percent of gross domestic product that year, while the sectors related to production services contributed about 41 percent. These are the sectors of trade, transportation and finance. The other sectors had only about 10 percent.

This relative composition did not witness a radical change during the following period in spite of the difference in annual growth rates for each sector. In 1982 the contribution of the material production sectors and sectors connected to production services declined, matched by a rise in the share of the other service sectors. The relative distribution of the three groups was broken down as follows, to 42, 39 and 19 percent. Table Five refers to the distribution of gross domestic product in market prices by sectors for the years 1963, 1970 and 1983 in fixed 1980 prices in millions of Syrian pounds.

Table Five: Showing the Distribution of Gross Domestic Product in Market Prices by Sectors in Fixed 1980 Prices in Millions of Syrian Pounds

Sector	1963		1970		1980		1983*	
	Value	Percent	Value	Percent	Value	Percent	Value	Percent
Agriculture	4,428	20	3,842	19	10,383	20	10,614	18
Industry and Mining	2,038	14	5,127	25	9,006	17	10,021	17
Building and Construction	728	5	910	4	2,555	7	4,486	7
Wholesale and Retail Trade	3,845	26	4,796	23	12,700	25	16,023	26
Transport and Communications	1,215	8	1,742	8	3,557	7	4,516	7
Finance, Insurance and Real Estate	1,017	7	1,435	7	3,267	6	3,145	5
Social Services and Personal Services	238	2	344	2	928	2	1,261	2
Government Services	1,305	8	2,350	12	8,369	16	10,654	18

Third: The Public Sector and Consolidation of the Public Ownership of the Means of Production

The process of the socialist transformation of the material economic base in the country is in effect to be considered the qualitative transformation it has witnessed since 1963. Since the economic transformation included the sectors of agriculture, industry, construction, transportation and so forth, the qualitative character of this development was embodied in the growth of the public sector and the process of socialist transformation which these sectors witnessed.

In the theoretical premises the sixth regional conference of the party approved in 1963, it was stated that socialist planning is the effective means for making it possible to use all national resources, material, natural and human, in a scientific and practical manner at the same time. The revolution's phased program which the June 1965 exceptional regional conference approved was to make the goal of the process of socialist transformation and the adoption of socialist decrees one of forming a public sector which could lead the national economy and make it its true guiding force. Whereas the

private sector had assumed this task and made the government an instrument in the service of the bourgeoisie in order to guarantee its class interests, the process of socialist transformation and the development of the public sector results in making the state an instrument in service of the toiling classes and the public interest (2).

The phased program of the revolution referred to above brought out some basic principles which were considered in effect a guiding force by which the government would seek guidance in the process of socialist transformation. Among these principles were (3):

1. The need to support the socialist steps the government had taken in the previous period to guarantee their success and realize the goals for whose sake they had come into being at the lowest possible costs.
2. The need to create a profound cultural change in order to strengthen the values of the socialist society and crush the values of the feudal bourgeois society.
3. The need to give the process of socialist transformation a democratic content by having the organized masses take part in the activities of planning and carrying out projects and criticizing the administrative system.
4. The need to apply socialism in the country's circumstances by means of an overall theory drawn from our situation and to stay away from ideological rigidity and preconceptions which are not supported by scientific proof or connected to our social situation.

With the very advent of the year 1970, an advanced public sector was formed leading the domestic economy and the processes of socialist transformation in Syria, since a succession of socialist decrees had been issued in 1964, 1965, 1966 and 1967. A group of economic installations were nationalized and became an organic part of the public sector's organizations. In the area of agriculture, the year 1970 ended the process of the takeover and distribution of land among peasants in accordance with the agrarian reform law and its amendments. In the case of industry, the industrial public sector was formed through the group of nationalization decrees issued between 1965 and 1970, which included its formation and organization. After the corrective movement the public sector then proceeded to occupy more advanced positions in the structure of the domestic economy.

In the area of investment, its share rose perceptibly during the numerous 5-year plans. While it totalled about 63 percent in the first 5-year plan, in the fifth plan it came to about 80 percent. Thus, it rose by about 17 percent, and the private sector's share dropped to the remaining percentages. Total fixed capital formation increased by a rate of more than 9.4 percent a year; in the public sector it was about 10.3 percent and in the private sector about 8.2 percent. This led to a rise in the public sector's share of the total structure from about 53 percent in 1963 to about 64 percent in 1980, an increase of 11 percent, at the expense of the decline in the private sector.

In addition, the rates of growth of total production in current prices increased by a rate of more than 16 percent a year during the years 1963-80. In the public sector they totalled about 19.2 percent a year, as compared with 13.6 percent a year in the private sector. The public sector's contribution to gross product rose from about 35 percent in 1963 to about 55 percent in 1980, for an increase of 20 percent. The private sector's share dropped by the same amount (Tables Six and Seven).

Table Six: Showing Total Composition of Fixed Capital by Public and Private Sector in Fixed 1980 Prices in Millions of Syrian Pounds

Year	Public Sector		Private Sector		Total	
	Value	Percent	Value	Percent	Value	Percent
1963	1,415	53	1,245	47	2,660	100
1970	2,161	68	1,031	32	3,192	100
1975	6,218	72	2,418	28	8,636	100
1980	9,017	64	5,099	36	14,116	100
1981	8,976	62	5,445	38	14,421	100
1982	9,268	62	5,628	38	14,896	100

Source: Central Statistics Bureau, Statistical Compendium for 1984, p 556.

Table Seven: Showing Distribution and Development of Product by Public and Private Sector in Current Prices in Millions of Syrian Pounds

Year	Public Sector		Private Sector		Total	
	Value	Percent	Value	Percent	Value	Percent
1963	2,254	35	4,201	65	6,455	100
1970	4,564	44	5,714	56	10,278	100
1975	16,873	55	13,616	45	20,489	100
1980	44,758	55	37,262	45	82,020	100
Annual Growth Rate (Percent)	19.2		13.1		16.1	

Source: Dr 'Abd-al-Malik al-Akhras, Some Main Features of Economic Changes in the Syrian Arab Region, AL-IQTISAD magazine, April 1983, p 52.

The public sector has played a distinctive role in development of the domestic economy, strengthening the process of socialist transformation, and it has realized qualitative growth in the structure of the economy, in addition to the quantitative development it has witnessed. This has helped open new horizons to industrial development and the growth of its activity in the scope of Syrian Arab society. The processes of socialist transformation have included the areas of agriculture, industry and trade, which constitute the most important economic activities in Syria.

Fourth: Structure of the Goods and Services Available and Used and Growth Rates

Table Eight: Showing Development of Goods and Services Available and Used in Fixed 1980 Prices, in Millions of Syrian Pounds

Data	1963		1970		1982		Annual Growth Rate (Percent)
	Value	Percent	Value	Percent	Value	Percent	
Total Production of Goods and Services	22,921	147	34,640	118	95,526	91	7.8
Plus Imports of Goods and Services	3,736	24	4,938	18	19,610	18	9.1
Minus Exports of Goods and Services	11,068	71	10,042	36	10,109	10	-4.7
General Total	15,589	100	27,536	100	105,027	100	10.5
Intermediate Consumption	8,087	52	12,062	44	36,569	35	8.26
Accumulation	2,660	17	3,192	12	14,896	14	9.5
Final Government Consumption	1,919	12	3,701	13	13,131	13	10.65
People's Final Consumption	2,923	19	8,581	31	40,431	38	14.8

(1) Central Statistics Bureau: Statistical Compendium for 1984, p 562 (percentages derived and growth rates).

The importance of emphasizing the disclosure of the social basis of the development process is apparent through a study of the abovementioned indices of economic development in the context of the growth of consumption and final consumption. While the value of gross domestic product rose at a rate of 7.5 a year, consumption growth rates during the same period were greater than 10 percent. The people's final consumption also was greater than 14.5 percent a year, meaning an increase in the gap between the rates of consumption and the rates of production, and consequently a reduction in the ratio of exports to imports and an increase in the difference between them. While the gross production of goods and services equalled 147 percent of consumption in 1963, it then equalled 118 percent in 1970 and just 91 percent in 1982. This increasing deficit has been covered by foreign imports; imports of goods and services rose by 9 percent a year, while the country's exports of the same goods have declined by 4.7 percent.

It should be noted that the people's final consumption enjoyed the highest growth rates in comparison with government consumption, intermediate consumption and accumulation. The people's consumption rose by more than 14.8 percent a year, while government consumption was about 10.6 percent, intermediate consumption 8.2 percent and accumulation 9.5 percent. Table Eight refers to the development in the structure of goods and services available and used from 1963 to 1982.

One reflection of the analysis of consumption and consumption developments since 1970 is that the bulk of that has been concentrated in private consumption, which has risen at an annual rate of 14 percent, while the rate of public consumption has come to about 11 percent and total consumption to 13.2 percent. In comparison with net domestic product, we find that private consumption as a share of that rose from 0.4706 in 1970 to about 0.7370 in 1982, and the ratio of public consumption to net domestic product rose from 0.2030 in 1970 to [0.]2315 in 1982, meaning that private consumption, which includes the total of family and personal consumption, absorbs the bulk of net domestic product as well as being at high rates in comparison with the growth rates of net domestic product.

Public consumption, which includes the value of goods and services the government and its various departments consume with the goal of satisfying such public needs as education, health, security and defense services and other services, retained a percentage of net domestic product during the period from 1970 to 1982; although it rose in some years and dropped in others, the differentials were not great (Table Nine).

The rise in the growth rates of private consumption, that is, family and personal consumption, from which specific production is not obtained, has social significance which suggests a striving toward social welfare, a rise in the level of services allocated to consumption, the dominance of manifestations of luxury, the availability of commodities and waste in their use and the diversion of what is allocated to productive and vocational services to private services in no way connected to production. Of course, this affects the process of accumulation, reduces it, adds to the volume of foreign imports and weakens the possibility of exporting.

Table Nine: Showing the Ratio of Final Consumption and Its Components to Net Domestic Product at Cost Prices

Year	Ratio of Total Consumption to Net Domestic Product	Ratio of Private Consumption to Net Domestic Product	Ratio of Public Consumption to Net Domestic Product
1970	0.6736	0.4706	0.2030
1975	0.9036	0.6845	0.2191
1980	0.9284	0.6862	0.2422
1982	0.9685	0.7370	0.2315

Source: Dr Mamduh al-Khatib al-Kaswani, Comparative Study of Final Consumption Trends in Syria in the Period 1970-82, AL-IQTISAD magazine, July 1984, p. 7.

What is certain is that production's inadequacy in keeping abreast of rates of consumption has a social basis connected to the patterns of behavior and social values particular to it and to dominant social values. Indifference in work, the absence of sound national consciousness and the absence of a feeling of responsibility have become social problems whose solution transcends the scope of economic and material incentives, since they have started to acquire a social character dominating the patterns and values of individual behavior, and this requires that they be put in their social context and that an effort be made to solve them from this standpoint.

Fifth: The Notion of Production Relations and the Productivity of Work in the Public Sector

The subject of work productivity in the public sector constitutes one of the basic problems facing the process of socialist transformation, in view of the leadership role the public sector enjoys in the development process. It includes about 62 percent of the total fixed capital formation for 1980 and contributes about 55 percent of the value of production. In the area of industry, the public sector contributes more than 73 percent of the value of industrial production and about 67 percent of net domestic industrial product (1982 statistics).

The importance of studying the development of work productivity in the public sector, and particularly in the industrial sector, stands out through the study of economic relationships between investment and production values. The productivity of fixed capital in the public sector comes to about 500 Syrian piasters per Syrian pound, while in the private sector it is as high as about 730 Syrian piasters. While the public industrial sector in 1978 included the value of investment employed in the transformation industry sector, its contribution to the value of domestic product for that year did not exceed 56 percent and of the value of domestic product for the same sector 18 percent. This reflects a large imbalance in the structure of

relationships of economic indices between the private and public sectors. Table 10 refers to the economic relations between the public and private sectors in the area of transformational industries in 1978.

Table 10: Showing Some Economic Indices of the Public and Private Sectors in the Sector of Transformation Industries in 1978 (Thousands of Syrian Pounds) (Thousands of Workers)

Index	Public Sector		Private Sector		Total	
	Value or Number	Percent	Value or Number	Percent	Value or Number	Percent
Investment	2,049,192	96	89,270	4	2,138,462	100
Workers	63,500	30	145,659	70	209,159	100
Domestic Production	5,674,743	56	4,502,079	44	10,176,822	100
Domestic Product	443,063	18	1,964,990	82	2,408,054	100

Source: Zuhayr Hajj Ibrahim, Effectiveness of the Private Industrial Sector, Third Tuesday Economic Symposium (on industry and industrial development in the Syrian Arab region) during the period 1 March 1983-7 June 1983, pp 13-14.

This difference in indices may be attributed to the nature of the economic and social tasks assigned to the public and private sectors. The former's activity is essentially concentrated on providing citizens' needs at cost price, or sometimes less, while the private sector is oriented toward the attainment of further profits. In addition, the subsidies the government gives to foodstuffs and supply commodities are founded basically on public sector production, making the issue of developing work productivity in this sector a matter of utmost importance.

The issue of developing work productivity acquires a specific social character, since a group of economic and social conditions surrounding the producer's relationship to his means of production are connected to that, starting with the relationship of his connection to it and proceeding through his relationship with his colleagues and supervisors in the installation, his family in the home and his relatives in the section, and ending with his relationship with his nation.

Ownership of the means of production is to be considered the basis of production relations and in each specific manifestation determines the specific form in which the worker and the employer are brought together. Also related to the character of ownership are other aspects of production relations, relations among people in the production process itself and mutual cooperation in the area of their activity, as well as relationships established in the context of the distribution of the material bounties produced.

Some socioeconomic studies consider it farfetched that the concept of production relations includes the producer's relationship to his means of production, since, to some people, this concept does not go beyond property relations, which determine the nature of the relationship between them. Meanwhile, in our estimation, this relationship goes beyond this issue, with the result that the concept of production relations includes the totality of factors influencing the determination of the relationship between the producer and the means of production and his relationship to other producers, and includes the extent to which basic conditions for work (the economic frameworks) exist and the extent to which the basic conditions for living (the social frameworks, security, food and shelter) exist.

This concept of production relations rules out restricting the issue of socialist financing to the establishment of the public ownership of the means of production and establishment of the public sector, since from the above analysis we can summarize by stressing the importance of the social character of the socialist transformation process and the importance of revealing the social basis of the development process. The abovementioned socialist transformation process starts with the establishment of the public ownership of the means of production, which does not then end, but requires the formation of social frameworks through which the relationship between the producer and the means of production are strengthened, then the transcending of the material and acquisition of a moral dimension. This context is embodied in the provision of the conditions of security, food and shelter with the qualitative and quantitative circumstances that branch off from it; these are the basic conditions for realizing the best link between the producer and his means of production.

Of course, the absence of this social context of the relationships of production, even in their most developed form (collective ownership), will lead to a weakening of the material and moral connection between the producer and his means of production. Even in the context of private ownership, this sort of absence will lead to the abandonment and relinquishment of the means of production, and the element of ownership will lose its effectiveness in linking the producer to the means of production.

The above data assert that the process of socialist transformation of the domestic economy does not end with the establishment of the public sector and the strengthening of government ownership of the means of production, but rather begins with that, and later requires the formation of social frameworks which will provide it with its requirements and make the relationship between the producer and the means of production a material and moral one at the same time. The process of developing the public sector will also lose its socialist content and become a form of state capitalism in the context of the feeling that state ownership is separate from the ownership of the individuals making up the state.

Thus the effectiveness of socialist production relations in economic installations is connected to the extent of the ability of the social framework surrounding it to absorb the cumulative growth processes of the material and technological content within them. Each level of development of the means of production has its suitable social framework, which helps it with its basic

requirements in the form of the workforce, education, training, accreditation and so forth. This data also helps determine the relationship between the producer and his means of production, since the absence of social frameworks connected to housing, transportation, comfort, education, health and so forth results in making the worker's relationship to his means of production a purely material one lacking in a moral dimension drawing the producer to his means of production, which means that the social frameworks surrounding the economic organizations have a dual influence. On the one hand they work to provide economic development requirements in the form of education, accreditation and training, and they participate on the other in strengthening the producer's relations to his means of production and give them a moral character with broad social bases.

Footnotes

1. Dr Salim Yasin, comprehensive planning symposium, prepared by Samir Sarim, "Planning is the Model for the Syrian Arab Region," Ministry of Culture, Damascus, 1983, p 17 ff.
2. The national command, "The Experience of the Arab Socialist Ba'th Party in Leading the Government and the Society in the Syrian Arab Region," party preparation series 26, p 43.
3. Op cit, pp 43, 44, 45.

11887
CSO: 4404/168

SCOPE OF UPCOMING LATAKIA PROJECTS REVIEWED

Damascus TISHRIN in Arabic 1 Nov 85 p 2

[Article: "204 Million Pounds for Next Year's Projects in Latakia"]

[Text] The 1986 Latakia Governorate plan includes the completion of projects on which work was started in the fifth year plan and the intent to put them in operation in 1986, and some new projects, particularly in common sections and rural areas of the governorate, in addition to the inclusion of the project for the cultural center in the city of Latakia in this plan and the recommendation to construct new roads to serve the villages and new water projects.

Dr 'Aziz Saqr, governor of Latakia, stated that the allocations for 1986 came to 204.11 million Syrian pounds while the allocations for 1985 were 101,040,500 million Syrian pounds.

He added, "These allocations have been distributed among the following sectors: the school building sector, 34,210,000 Syrian pounds, to complete the construction of schools on which work was started, which had been assigned to the Military Housing and Military Installations Organizations; the culture sector, 5.2 million Syrian pounds, to complete the cultural centers on which work was begun in the Lahfah, al-Qirdahah and Jabalah areas, assigned to military housing, and the construction of a cultural center in Latakia.

The potable water project: 45 million Syrian pounds, to construct projects on which work had started, most important of which have been the third water complex, which has been approved by the economic committee, and the Jurin-al-Ghab water [project] which will irrigate Salnafah Subdistrict and the villages adjacent to it, in addition to the al-Budi, al-Karami and al-Wadi al-Azraq projects. The road sector has been allocated 94.5 million Syrian pounds, of which 57.5 million pounds are for payments to the Roadco company and the rest is for the execution of contracts.

The health sector: 23.5 million pounds have been allocated for work on constructing the al-Qirdahah and al-Haffah laboratories and completing the wing of the annex to the nursing school.

UNITED ARAB EMIRATES

BRIEFS

IRANIAN 'INFILTRATORS' ARRESTED--Khawr Fakkan--A patrol of border and coast guards in Khawr Fakkan captured a ferry which was trying to enter with 24 Iranian infiltrators. Those who were arrested were handed over to the concerned sides for investigation. [Summary] [Al-Shariqah AL-KHALIJ in Arabic 2 Dec 85 p 1 GF]

ALUMINUM EXPORTS--Dubayy, 23 Nov (WAKH)--Dubai's exports of aluminum during the first 5 months of 1985 totalled 620,000 tons, worth 261 million dirhams. Sources at Dubai Chamber of Industry and Commerce have said that the price of aluminum in the free markets ranged from \$1,065 to \$1,095 for the ton in August 1985. The sources said that Dubai's imports of copper products during the first 5 months of 1985 totalled 2,638 tons worth 18 million dirhams. [Excerpts] [Manama WAKH in Arabic 0915 GMT 23 Nov 85 GF]

NEW AIRPORT PLANNED--Abu Dhabi, 2 Jan (WAKH)--A new airport is to be built in the United Arab Emirates. The dirhams 1.2 billion (dlrs 327 million) will be completed in 1988. Undersecretary at Abu Dhabi Public Works Department Khalifah Nasir al-Suwayd said the new airport will be located about 15 km northwest of Al-'Ayn and will be 264 feet above sea level. He said the airport was designed according to the latest scientific qualifications and will be capable of handling all types of aircraft, including giant ones. [Text] [Manama WAKH in English 1610 GMT 2 Jan 86 GF]

1985 BUDGET--Abu Dhabi, 17 Dec (WAKH)--The size of the UAE budget for 1985 dropped by 595.7 million dirhams in comparison with the budget of the previous year. This is attributed to the policy of cutting down and controlling spending, which has been implemented in the UAE for the past 3 years. The UAE federal budget was approved the day before yesterday by the Supreme Federal Council. The budget stands at 16.6337 billion dirhams, compared to 17.2294 billion dirhams for 1984. [Summary] [Manama WAKH in Arabic 0940 GMT 17 Dec 85 GF]

INCOME STATISTICS--The UAE per capita income was \$28,680 in 1980 and reached a peak of \$29,260 in 1981 according to a planning ministry report. After 1981, the per capita income began to decline, reaching \$22,721 in 1984. Despite this decline, the UAE was reported by the IMF to have the highest per capita income among Gulf and Arab countries in 1983. [Summary] [Dubayy AL-BAYAN in Arabic 26 Dec 85 pp 1, 7 GF]

AIRPORT STATISTICS--Statistics issued by the administration of Al-Shariqah International Airport yesterday showed a considerable increase in passenger traffic at the airport compared to 1984. The aggregate total of passengers who utilized the airport in 1985 was 559,030, representing an increase of 20.38 percent over 1984. Statistics indicate that the total weight of the cargo handled by the airport rose last year to 9,764,000 kgs, representing a 16.18 percent increase over 1984. The airport handled 6,979,000 kg of imported cargo and 2,785,000 kg of exported cargo. The weight of mail handled by the airport was 478,000 kg, representing a 13.52 percent increase over 1984. [Summary] [Dubayy AL-BAYAN in Arabic 10 Jan 86 p 2 GF]

INFILTRATORS APPREHENDED--Dubai Police arrested 53 Indians who tried to enter the country illegally via a launch. [Excerpt] [Al-Shariqah AL-KHALIJ in Arabic 12 Jan 86 p 1]

/12929

CSO: 4400/82

DEFECTOR DESCRIBES IRAQI POLITICAL SITUATION

Tehran KEYHAN in Persian 26 Oct 85 p 3

[Text] Urmia--KEYHAN Reporter

All the people of Iraq are disgusted by and upset with this war and do not want to fight the Islamic Republic of Iran for any reason.

Bishop (Zaya Bubudvabatu), the representative of the archbishop of the Assyrians of the world, who sought asylum in the Islamic Republic of Iran accompanied by 28 members of his family, made this statement in a radio, television and press interview and explained his purpose in seeking asylum as the political and economic situation of Iraq as well as the situation of the religious minorities in Iraq.

Concerning the reason for seeking asylum in the Islamic Republic of Iran, he said:

For some time, the regime of Iraq had summoned me and my eldest son for no reason, subjecting us to interrogations and wanting me to tell them where my son Benjamin was so that the Ba'thist agents could arrest him and send him to the front. Since we knew what the Ba'thists had in mind, I refused to tell them where my son lived. Hence, I became subjected to the injustice and pressures of Saddam's regime. They even dismissed my son from his government job. Therefore, in order to escape the injustice and oppression of the Ba'thists, we took refuge in the Islamic Republic of Iran in which the rights of all individuals and minorities are respected.

He added: With my asylum, I want to tell the whole world that in Iraq not only am I and my family subjected to injustice, but so are all the people of Iraq. Especially the superpowers who have imposed this war on the people of Iran and Iraq must know that the people of these two countries are friends and Muslims and have never been and will never be happy to be at war. In Iraq, all the people are disgusted with and tired of this war and so not want to fight the Islamic Republic of Iran for any reason.

The Iraqi bishop who has sought asylum said in regards to the situation of the religious minorities in Iraq: The religious minorities in Iraq have no rights

at all. They are very much oppressed and the regime of Iraq treats them most dictatorially.

Recently two members [as published] of the minorities by the names of Yusef Tuma Hormuz, a physics engineer; Yubert Benyamin Shelimun, a mechanical engineer; and Yuhahna (Ishujeju), a contractor, were tried for no reason and Saddam personally kicked them in the mouth and they were later executed.

He added: In connection with the treatment of the minorities, I went to Baghdad to, if possible, ask Saddam or the interior minister or the minister of religious endowments why the religious minorities are subjected to so much injustice and oppression and whether it is the law or the instructions of Saddam to trample us underfoot.

Concerning the economic and political situation of Iraq, he said: Because of his improper foreign policies, Saddam has billions of dollars in foreign debts. His currency reserves have been depleted and even the incomes of business people and farmers have completely stopped. In regards to the economic situation of Iraq, it is sufficient to say that Saddam's agents took off my ring and took it away.

Concerning the views of the people of Iraq in regards to the imposed war, the Iraqi priest said: All the people of Iraq are regretful and unhappy about the war. There is no home in which someone has not been killed, disabled or become a refugee.

In regards to the people that he executes for various lame excuses, Saddam collects 400 Iraqi dinars as the cost of bullets from their families.

In response to another question concerning his message to the Christian world and the Christians of Iraq, he said: My message to the Christians and the Christians of Iraq in particular is that they must realize that when an eighty-year-old priest escapes along with 27 [as published] members of his family from his hearth and home, there can be no other reason but the injustice and oppression of Saddam. Therefore, they should not be silent but they must, along with us, bring their just cries to the ears of the people of the world.

In the conclusion of his interview, the Iraqi refugee bishop thanked the officials of the Islamic Republic of Iran for granting him and his family asylum and referring to the sincere, Islamic treatment of the combative forces, he said: The Iranian forces treated us in accordance with humane principles and laws and the instructions of his holiness Mohammad in regards to observing the rights of all religious minorities, and I thank them all.

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CSO: 4640/115

MONTAZERI URGES NONINTERVENTION, COOPERATION

Tehran KEYHAN in Persian 23 Oct 85 pp 1-2

[Text] Qom--KEYHAN Correspondent

The seminar of the provincial councils of the Friday imams began its work at the invitation of the central administration in the home of Grand Ayatollah Montazeri with the recitation of verses from the Koran in the presence of Ayatollahs Meshkini, Khatami, Malakuti and Shirazi. In this seminar, thanking and praising the Friday imams, Ayatollah Montazeri addressed the officials of the country and the alert, self-sacrificing people and said: One of the things that the honorable officials of the country must pay attention to is the great spiritual role of the Friday prayer in stabilizing the revolution and the regime and in keeping the people on the scene. The revered Friday imams, who are in fact representatives of his eminence the imam, have so far had the greatest role in informing the people, encouraging them and neutralizing the conspiracies of the internal and external enemies of the revolution. It is within the magnificent Friday prayer assemblies that, for instance, they eliminate the problems of the war and the revolution and the resulting shortages which may have bad effects in certain places. Through them, the wills of individuals are strengthened and weaknesses and indecisiveness are eliminated.

He emphasized: For this reason, full attention must be paid to the value and spiritual position of this sacred institution and its extraordinary role. Grand Ayatollah Montazeri pointed out: We do not know how the revolutionary course would have turned from its present form and so easily without this great institution.

In this connection, Grand Ayatollah Montazeri asked the noble people to continue to preserve as they have thus far the magnificent Friday prayer gatherings and try to preserve the sacredness and spirituality of this institution and the lofty position of the Friday imams. Should there be any minor differences in certain places in regards to political or other issues, they should not allow such differences to spread to the Friday prayers and the sacred domain of the Friday imams, making them, God forbid, pay for such differences. He stressed: The revered Friday imams must try not to get involved in such issues as much as possible in order to be able to better serve Islam and the revolution. He pointed out: One cannot expect a Friday

imam to be infallible. Our infallible leaders consisted only of 14 sacred spirits; the rest of us commit errors and transgressions. If, for instance, there have been certain expectations of a Friday imam which did not materialize or he had committed an error earlier or there is a difference of opinion with a Friday imam, this should not harm the magnificence of the Friday prayers. Ayatollah Montazeri then spoke in detail about the simple living of Friday imams, the holding of weekly meetings with the officials of the region to solve the people's problems, the preservation of dignity in speeches and behavior towards the officials and the people, careful studies in regards to Friday prayer sermons, following up religious center studies and if possible the teaching of religious subjects, constant contact with the Friday imams and other scholars of their cities and locales, full respect for and conferring certain propaganda and other affairs on the young people, noninterference in executive affairs, hiring and dismissals or uncontrolled and unnecessary recommendations, avoiding issues that would result in accusations or may be detrimental to their spiritual position as well as devoting some hours every day to meeting with the people and attending to the problems of the individuals who call on them.

The report of our correspondent from Qom indicates: In the second session of the seminar of provincial councils of the Friday imams which was held yesterday afternoon at the home of Grand Ayatollah Montazeri, following recitation of verses from the Koran, Hojjat ol-Eslam Musavi, the Friday imam of Hamadan, spoke on the external factors in the weakness of the Friday institution [as published] and added: Administrative weaknesses and corruption and the lack of decisiveness on the part of the Justice Department and the anti-corruption and anti-smuggling officials as well as the lessening of spirituality in the institutions and improper dealing with the problems are among the factors in the weakness of the institution of Friday imams.

Then Hojjat ol-Eslam Danesh, the Friday imam of Ashtian, spoke and said: Among the problems that have frequently been mentioned is that unity is the cause of victory and the Friday imams must not become tools in the hands of the creators of disunity.

The clerics and the government create disunity and weaken the revolution and the Friday imams must not be influenced by disputing elements.

Also, Hojjat ol-Eslam 'Abdus, the Friday imam of Sabzevar, referred to the absence of the officials of the three branches as one of the shortcomings of the seminar and said: The problems of the Friday imams are numerous and all of these problems can be solved and tolerated but what is not tolerable for us is to see open commission of sin and corruption, in the sight of which we cannot remain silent. We must cry out and stand against sin.

He added: Protecting the supporters of the tyrant will cause disappointment among the people. Also, in this country we must fight against the smuggling of narcotics because smuggling will uproot the revolution. In the same way, counterrevolutionary rules also harm the revolution, including the institution of the Friday imams.

Then Hojjat ol-Eslam Madani, the representative of the imam and the Friday imam of Bushehr, said: One of the factors in the disappointment [of the people] and the weakness of the institution of the Friday imams lies in the promises that are given by the officials but are not followed through. If you are unable to act on them, at least avoid making promises.

In another part of his speech he spoke concerning the high level of municipal taxes in Bushehr Province.

The same report indicates: In the last speech of the session for this seminar yesterday morning, Hojjat ol-Eslam Seyyed Reza Taqavi, the Friday imam of Shahr-e Kord, spoke calling for more activities on the part of the administration in regards to the people becoming reluctant to participate in Friday prayers. He said: Judicial disregard and returning the land and property of the counterrevolutionaries to them have disappointed the Hezbollah people. This is one of the factors in the people's reluctance to participate in Friday prayers.

In conclusion, he called for decisiveness on the part of the judicial officials.

The latest report of our correspondent indicates that on the second day of the seminar of the provincial council of Friday imams, which began this morning with the recitation of verses from the Koran, Hojjat ol-Eslam 'Ebadi, the Friday imam of Zahedan, spoke in detail on increasing the activities of the judicial organization and fighting decisively against narcotics as much as possible.

Then Hojjat ol-Eslams Zarandi from Bakhtaran, Soleymani from Babolsar, and Hoseyni-Mianehji from Khorramabad spoke on judicial issues, the accumulation of cases, the return of the fugitive mini-tyrants and the issue of land.

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CSO: 4640/115

IRAN

MONTAZERI URGES ENDURANCE IN FACE OF ADVERSITIES

Tehran KEYHAN in Persian 5 Nov 85 p 22

[Text] Qom--Velayati, the minister of foreign affairs, along with the deputies and officials of the Ministry of Foreign Affairs and the ambassadors and attaches of Iran in Arab and African countries, met with Grand Ayatollah Montazeri. In this meeting, pointing out the importance and sensitivity of their responsibility and the problems of living abroad, he praised them and said: These gentlemen realize that today they are not only ambassadors from the country but they are also representatives of Islam and the revolution wherever they are. Their attitudes and behavior are considered to be a part of Islam and the revolution. Hence, much is expected of them.

He stressed: If we want to bring the call of Islam and the revolution to the whole world under the present circumstances when the superpowers have created problems for us internally and externally, we must have faith in our work and revolution in the same way as did the Muslims at the dawn of Islam, persevering and tolerating hardship to the extent that it is said that in the battle of Tabuk every combative Muslim received a ration of one date per day. We must be resilient in the face of hardship and problems that cannot be compared to the hardships that the Muslims tolerated at the dawn of Islam. In addition, we must be in harmony in all affairs so that one policy will govern everywhere. When a method is determined to be proper, everyone should follow it.

It should not be the case that every ministry or organization has a special policy.

In regards to the coordination and cooperation of ministries and ambassadors, he pointed out:

An ambassador must not exclusively do what has been determined for him inside the embassy. Rather, if for instance, he can collect information in regards to the economy, agriculture, and commerce of the country or other issues he must send his useful information to the proper ministry or organization and not say that it is not a part of his job. After all, it is something which concerns the country and is in the interest of the people. He

must try to make arrangements so that the needs of the country in that regard are provided for.

In regards to spreading Islamic culture abroad, Grand Ayatollah Montazeri pointed out: I know that in some African countries the teaching of the Koran and its interpretation and other Islamic books are very much needed and many requests are made. Even though we know the ambassadors have done praiseworthy work in this connection, it is not sufficient. They must try with the help of the Ministry of Islamic Guidance or the propaganda officials to put the Koran and its interpretation at the disposal of Muslims in those countries in any form. In any case, today when the East and the West are sensitive towards Islam, consider Islam an obstacle in their way and are fearful of the advancement of Islam, it is our duty to [speak] about Islam, the Koran and the values of the ideology wherever we are, with the cooperation of the houses of culture affiliated with the Ministry of Islamic Guidance, especially in areas where the people have become indignant and express disgust towards the injustice of the great Western powers and the old methods and improper teachings of their religious missionaries. If we do not bring them the voice of true Islam, leftists and heathenistic movements or propaganda which are deviant from Islam and from certain places might deceive the people and entrap them in another colonialism. In such an event, we will be responsible before God for not having taken advantage of the existing opportunities and resources.

In conclusion, he prayed for a long life for the imam of the people and the Islamic combatants on the fronts of the imposed war and the Afghanistan, Lebanon, Palestine and other fronts.

This report also indicates: During the past week, 2 million rials and 2 pieces of gold from the people of Iranshahr, 1 million rials from the people of Salmanshahr and Tonokabon, a few pieces of gold from the people of Shahrud by the Friday imam of that city, 5,000 Saudi rials and some gold from a Saudi sister and brother, 1 million rials from the people of Ayuz of Larestan by the mufti of that area, and 1 million rials from a charitable person were presented to Grand Ayatollah Montazeri for strengthening the fronts of the imposed war and help to the Islamic combatants.

10,000
CSO: 4640/122

TEHRAN PRESS DEPLORES PARIS 'INDIFFERENCE'

Paris LE MONDE in French 11 Dec 85 p 4

/Text/ Tehran (AFP)--In an editorial entitled "The Horizon Is Bleak," the Tehran daily ETELAAT examines Franco-Iranian relations which, according to it, have been strained by Paris' "support" for Iraq, the "economic profits" that France is seeking in the Gulf, and Paris' "indifference" toward Iran. In its Monday edition, the newspaper dwells in particular on the "military, economic and political aid" provided to Iraq by France, which will "weigh heavily for a long time to come" on Franco-Iranian relations.

The commentator also reviews the three conditions set by Tehran for a rapprochement with Paris, underscoring the fact that they have not changed: an end to French economic and military support for Iraq in its war with Iran; an end to the support given to Iranian dissidents in France, described as "terrorists" by the newspaper; the settlement of disputed financial matters, in particular the repayment to Iran of the "Eurodif" debt of 1 billion dollars, plus interest.

The newspaper continues with the prediction that there will be no "improvement" in relations between the two countries as long as the Socialist government remains in power in France, because of "its commitment to Baghdad's side."

But the "foreseeable defeat" of the Socialist Party in the upcoming legislative elections and the "Right's" rise to power should not "change anything, since it (the Right) was the architect of the policy of support for Iraq in the years of 1975-80," writes ETELAAT.

The future of the relationship between the two countries is therefore "blocked" and will depend solely on the "political and military defeat of the Ba'thist regime" (now in power in Baghdad), the daily's editorialist believes. In his opinion, "Only the stifling of Iraq's Ba'ath can force France--whether Gaullist or Socialist--to sit down at the negotiating table."

But these "somber" prospects must not prevent "dialogue" between France and Iraq, "which would make it possible to clarify the position of the two countries" and perhaps "lead France to repay its debts to Iran," the daily concludes.

New Concentration of Troops

The large concentration of Iranian troops and the threats and warnings exchanged at the highest level between Tehran and Baghdad in the past week lead certain foreign military experts in Tehran to consider the possibility of an imminent Iranian offensive to the south of the front. For more than a month, Iranian political and military officials, in conjunction with the press, have been reporting a wave of voluntary enlistments and the departure of "tens of thousands of Islam's soldiers" for the front.

This mobilization, scenes of which open the television news each evening, involves the Basij corps, volunteers of all ages mostly from rural areas, whose rudimentary training is offset by a religious enthusiasm carefully maintained by rigorous training.

The front is clearly defined since Iran's latest isolated operation, Achoura-4, launched at the end of October in the marshy areas of Howeizan, 100 km west of Anvaz (Khuzestan, the south of Iran), which made it possible, according to Tehran, to take 50 square km of Iraqi territory. According to indications from Western sources in the Iranian capital, the mass mobilization of these past weeks has made it possible to assemble 300,000 to 500,000 new troops along the length of the front, with a high concentration in the Fakeh region to the north of Khuzestan, who joined troops already present.

12413/12228

CSO: 4619/17

PUBLIC PROSECUTOR'S VIEWS ON LAND, MIGRATION, HOUSING

Tehran KEYHAN in Persian 24 Oct 85 p 23

[Text] The public prosecutor of Tehran was asked about the procedures to investigate the municipal cases and cases concerning the lands distributed by the Shar' magistrate. In this regard, he said: Several types of cases involving City Hall are investigated by this Prosecutor's Office. A series of cases concerns violations of individuals from the City Hall building permits division. These cases are sent to penal courts 1 and 2 and to be investigated.

In this area, since there has been some discrimination, our courts have expanded their efforts to eliminate such discrimination by being on location in time. We have several examples of cases and pictures concerning this kind of discrimination. They show, for example, in one place a house that belonged to an oppressed person and was to some extent in violation which was torn down while just a few meters away, another house several times the size of the first one remained in place without anybody even suggesting there were any violations.

There are other cases concerning land distributed by the Shar' magistrate. This prosecutor's office investigates cases concerning individuals who have received land through the Shar' magistrate.

Because there had been problems and misuses in this area, the Supreme Judicial Council was instructed by the imam to resolve this problem in a proper manner.

During the period that the committee has been working, it has examined rulings concerning more than 2,000 of such cases and approved more than half of them.

Later, numerous sessions were held to issue deeds to these individuals or the cooperatives and expedite their affairs until a committee was commissioned in the joint session of the Supreme Judicial Council and the government to prepare a comprehensive plan to be implemented immediately so that the people would no longer be in a state of confusion.

This committee, the members of which consisted of the minister of justice, the mayor of Tehran and the prosecutor, prepared the plan, which was signed by the Supreme Judicial Council and the prime minister. One of the articles of this

plan concerned the allocation of a location and building to house the representatives of the urban land organization, the Ministry of Housing, the City Hall records, and the bank. Individuals who in accordance with the announcement of the three-member committee meet the requirements would present all their documents at that location and have all their affairs attended to in the same building.

In other words, the City Hall will issue permits for lands before construction and after the deed has been issued. If the construction is incomplete it will grant permission to start operations and if the building is complete, it will issue [a certificate of] completion of work. In short, there would no longer be any problems for individuals who meet the requirements.

This location was determined and the individuals were stationed in it but they faced a problem.

Yesterday, a session was held before the prosecutor general with the minister of housing, the deputy minister and the director of the general records organization and it was decided that through the Ministry of Housing, an announcement would be issued for individuals in every area to come to this location in turn as determined to receive their deeds and permits. I hope this announcement will be made soon and there will be no delay.

In regards to the cases concerning hostile possession and discrimination by some of the agents, the public prosecutor of Tehran said:

These cases concern individuals who have taken hostile possession of and begun construction on cultivated and uncultivated government and other lands without observing the regulations.

In this case, the duty of the City Hall and the Ministry of Housing and Urban Development has been determined by law. In accordance with Articles 14 and 15 of the urban land law and their interpretation, the housing and urban development office must remove the effects and eliminate the violators. But what is the problem? Why do these violations occur? And why are no measures taken to combat them?

In my opinion, an essential problem facing the government of the Islamic Republic is the issue of migration. It will soon begin its work of studying this problem, with the necessary coordination considering that migration is an essential issue with social implications and consequences and it will offer plans for the solution of this problem. Obviously as long as this problem remains unresolved, the problem of City Hall will not be resolved. Certainly in the not-too-distant future, these migrations will cause problems for the serving government.

Another problem is the discrimination that takes place on the part of the municipal officials or some of the officials of the various areas of the City Hall. A few nights ago, I visited some places in civilian clothes and saw individuals who were engaged in building in the middle of the night. I spoke with them and asked them how it was that the City Hall did not stop them.

They responded that they had made a deal with the City Hall officials. Let us look at a case concerning a demolition official of the City Hall of one of the areas who took a bribe of 10 million rials and did not demolish the building and did not even inform the Prosecutor's Office.

The public prosecutor of Tehran continued.

Recently in the Office of the Prosecutor General, we had a meeting with the minister of housing and the mayor of Tehran, in which without standing on ceremony I said that the Prosecutor's Office is becoming a killer of the oppressed and the victims of injustice. Individuals who have made deals with City Hall officials know the ways and have money, so their cases will not come to the Prosecutor's Office. But the oppressed people, whose entire building is no more than 32 square meters, are sent to the Prosecutor's Office. Our nation would have no objection if the laws were enforced equally for all. In this case, they would even approve of the laws. But they see that the honorable mayor of an area receives land from the Shar' magistrate without having his name announced by the three-member committee as being eligible while his wife has a house in Karaj. He constructs a building without a permit on this land and no one prevents him. And then he procures equipment and supplies at government prices. Besides, this very gentleman demolishes the homes of other people who are in a worse situation.

He added: The case of this honorable mayor was investigated by the Prosecutor's Office and he was arrested. One and a half stories of the building had been completed, the photograph of which was sent along with the bill of indictment to the court. Later, when the interrogator visited the building, to his amazement, he saw that although orders had been issued to suspend construction, the second story had also been completed.

Such preferential treatment and discrimination bothers everyone.

I am sure that the honorable mayor of Tehran is also upset about this discrimination and he will have to take steps to eliminate it.

In contact with KEYHAN, the Tehran prosecutor announced that the steps taken to arrest those receiving bribes in the movie review council and to confiscate obscene movies were announced and coordinated by the Ministry of Islamic Guidance.

10,000
CSO: 4640/115

MUSAVI-ARDABILI: PLUNDERED WEALTH MUST BE REPOSSESSED

Tehran KEYHAN in Persian 28 Oct 85 p 19

[Text] A group of workers, employees, and members of the Islamic society of Iran chicken plant along with a number of workers of the west Tehran and Shahr-e Rey factories met with Ayatollah Musavi-Ardabili yesterday afternoon.

In this meeting, first one of the employees of the Iran chicken plant reported on the situation of that plant and its activities since the victory of the revolution.

Then Ayatollah Musavi-Ardabili emphasized in a speech that the Islamic Republic is determined to implement Islamic laws, economic shortcomings must be evaluated in all dimensions and steps be taken to eliminate them. He said: As the divine laws of Islam explicate, all the plundered property of the society and the illegitimate wealth of capitalists must be repossessed on behalf of their true owners, that is, the deprived and oppressed class.

He added: As we have announced frequently, legitimate ownership is respected in the Islamic Republic, but we stress that we will by no means be lenient towards the efforts of the corrupt elements whose illegitimate capital was confiscated in the interest of the oppressed people after the victory of the revolution.

Ayatollah Musavi-Ardabili condemned those voices who murmur of lack of economic security in the society and pointed out: We believe that the legitimate capital of individuals is respected and they can also freely engage in activities, but at the same time we also believe that if this capital requires aid and loans from the general budget and the treasury for extensive activities such loans and aid must be placed at their disposal in the name of the workers and the oppressed people of the society and they must share in the profits obtained from investments in proportion to the aid provided. No one can claim that such an action is illegal and non-Islamic.

The chief justice continued his statements, explaining the gains of the Islamic revolution, referring to the elimination of the tyrant and dependent and corrupt elements and the manifestations of corruption and prostitution

after the victory of the Islamic revolution and pointing out that the Muslim people of Iran have paid dearly for the victory of the Islamic revolution, he said: Along with the great gains achieved by the Iranian nation since the victory of the revolution, some of the problems and difficulties of the society particularly in the area of the national economy have not yet been resolved and the divine laws have not been fully materialized in this area. But it must be said that the persistent efforts of the officials to achieve this goal of the revolution still continue.

In regards to evaluating the problems and the areas that so far have prevented the solution to the economic shortcomings, the chief justice referred to the efforts and resistance of the capitalists and those who since the victory of the revolution have lost the grounds for their plundering activities or who have lost their illegitimate wealth and said: As the last word to these individuals who have tried various methods to block the solutions to the economic problems of the society, I tell them that they are making a mistake.

We believe that the country belongs to the great families of the martyrs and the combatants of Islam, the workers, farmers, and the oppressed in the society, those who have put themselves at the disposal of the goals of the Islamic revolution and their society rather than those who have only played the role of beneficiaries of the society and who have plundered it. No, they have no rights in this country and there is no place for them in this country.

Ayatollah Musavi-Ardabili called the attention of those present to the complications that exist in solving the economic problems and pointed out: Success in this regard requires the continuous, sincere efforts of the officials.

I hope we will gain desirable results in the not-too-distant future from these continuous efforts in the interest of the deprived people and the interest of the society.

In another part of his speech, the chief justice reemphasized respect for ownership and the use of the legitimate investments that would like to take an active part in the economy of the country and added: We do not even restrict legitimate ownership and contrary to the propaganda that says there are no areas for investments in the country, we say that those who want to invest legitimate capital are free to do so in the country and the grounds are ready for it. No one opposes the circulation of the legitimate capital of individuals, but at the same time we believe that if such investments require loans from the treasury and the budget of the country, society and the deprived and oppressed people in the society must also share in the work in proportion to the aid provided to economic activities and to benefit from the gained profits.

10,000
CSO: 4640/122

DIMENSIONS OF AFGHAN PROBLEM DISCUSSED

Paris POLITIQUE INTERNATIONALE in French Oct 85 pp 301-312

[Article by Beatrix Baconnier-Martin, doctor of political science (third stage) and correspondent in Pakistan for LIBERATION (1983-1985) "Pakistan and the Torment of Afghanistan"]

[Text] When he talks about Pakistan's unique geographic predicament, General Zia-ul-Haq describes his country as an "oasis of peace in a region where one can see flames rising up on every side." Flames which above all are those of the "red peril." (1)

The Soviet invasion of Afghanistan has paradoxically played a stabilizing role for the military regime in Islamabad. It has facilitated the consolidation of a traditional alliance (with China); it has revived solidarity among the Muslim nations, of which it has become a leader; above all it has resuscitated the alliance with the US by making the country a "frontline" state, a "bastion of free world security in Asia." (2)

But is Pakistan not running the risk of having to pay a very dear price for options which will inevitably exclude the possibility of neighborly relations with India and the USSR, and thus lead to growing confrontation with those two powers? Threatened today by a war on two fronts, still traumatized by the secession of its eastern half, facing increasing dangers of internal destabilization, Pakistan--if it wants to survive--may be forced to revise drastically its external policy, and in particular its role in the Afghan conflict.

Pakistan-US: An Ambivalent "Convergence of Views"

Halfway through the 1980's, the setback to American influence in Iran, the disappearance of Afghanistan as a buffer state under the tread of Soviet tanks, and the continued violence of the Iran-Iraq war in the Gulf, have changed all the assumptions about the security of the noncommunist world in this vital region. Quickly a new chapter was opened in relations between the US and Pakistan, which had been sour for the previous two decades. Coming to grips, on its western border, with what General Zia calls the "red peril," Islamabad pretended it had forgotten the two American embargoes on arms deliveries to Pakistan imposed at the height of the two wars with India (1965

and 1971). The sacking of the US Embassy in Islamabad, which was attacked by mobs in November 1979, had become a taboo subject in Pakistan only a month later--with the Soviet intervention in Afghanistan.

Several months after having suspended all economic and military aid to Pakistan, which was suspected of manufacturing the "Islamic bomb," Jimmy Carter--in a rare example of "realpolitik"--made a fresh offer of \$400 million of assistance to the country. "Peanuts!" was the reaction from Islamabad, which managed to obtain from his successor in the White House the comfortable "package deal" of \$3.2 billion of economic and military assistance, which Congress still supports. In the federal budget for 1986 Pakistan remains the largest beneficiary in Asia, with an economic and military allotment of \$675 million. Washington "forgets" the nuclear dispute and, along with most of its allies, absolves the "chief administrator of martial law," who has suddenly been promoted to the rank of a free world head of state--all this despite the fact that since the military coup that overthrew Zulfikar Ali Bhutto on 5 July 1977 the Pakistani president has been concerning himself more with "Islamic reforms" than with fulfilling election promises!

In October 1981 the Senate exempted Pakistan from the Symington amendment, which prohibits military aid to countries that are attempting to acquire nuclear weapons. If, since then, the industrialized nations have refused to provide Pakistan the nuclear plants it might claim it needs to overcome a fairly large energy shortfall, they still pretend, at the diplomatic level, to accept General Zia's oft-repeated assurances that Pakistan has "neither the intention nor the capacity to pursue a nuclear program for military ends."

Similarly, the liberal democracies seem to consider it a necessary evil to support a nonrepresentative regime in Islamabad (its nature has not been altered by either the referendum of December 1984 (3) or the "nonparty elections" of February 1985).

The heads of state and government who have made official trips to Pakistan since Soviet tanks arrived in Kabul have all justified their visits solely on the grounds of solidarity with respect to the Afghan problem. Making the ritual pilgrimage to an Afghan refugee camp in Peshawar and the inevitable short visit to the Khyber Pass, Mrs Thatcher, Nakasone and Bush all seem to have been struck with a peculiar blindness when they proclaimed--in Pakistan, which has been under martial law for 8 years--the right of the Afghan people to choose their own government.

But none of these demonstrations of Pakistani-American reconciliation can dissipate its fundamental ambiguity, which is linked to the vulnerability of Islamabad, caught in the vise between a superpower (USSR) and a traditionally hostile regional power (India). A member of the Nonaligned Movement and respected power in the Islamic Conference, Pakistan in December 1979 could not accept the subjugation of its Afghan neighbor by the Soviet Union. From the very start, then, it found itself on the side of the West and China in

condemning the intervention of the Red Army and taking the initiative on the UN General Assembly resolution--which each year deplores, by an overwhelming majority, the presence of Soviet troops in Afghanistan and calls for a resolution of the crisis based on a withdrawal of foreign forces, a return to Afghanistan's nonaligned and independent status, self-determination for the Afghan people and the return, with dignity and honor, of 4 million refugees (primarily to Pakistan and Iran).

But despite the condemnations and principled resolutions, problems are beginning to surface. While hailing the "convergence of views" between Washington and Islamabad which has permitted the emergence of a "strong and independent Pakistan," the Pakistani chief of state refuses to turn his country into "the most loyal ally" of the United States, a title dear to Marshal Ayub Khan.

In fact, Islamabad has so far resisted the installation of American bases on its territory, which would compromise its position vis-a-vis its nonaligned friends and increase the risk of Soviet overreaction. No Pakistani leader, and therefore especially no military leader, can forget the "red circle" drawn by Khrushchev in May 1960 around the city of Peshawar, from which the American U-2 spy plane that went down in the USSR had taken off...

For the same reasons Islamabad has abstained from asking stronger guarantees from Washington in any revision of the 1959 military accord. That accord provides that in case of aggression against Pakistan, the US shall take "all necessary measures, including resort to armed force," to assist its ally. At the time, Pakistani leaders intended above all to use this accord against India. That was not the interpretation of American administrations during the Indo-Pakistani conflicts of 1965 and 1971. The same position prevails today in Washington. For the US, the purpose of economic and military support for Pakistan is to make it a more solid and credible bastion against possible Soviet adventurism directed toward the "warm-water ports" to the south. For Pakistan, on the contrary, the primary enemy is still India (to such an extent that not even the arrival of Soviet forces at the "Durand line" (4) led to a redeployment of its troops, three-fourths of which remain stationed on the eastern front). US military assistance is perceived by the Pakistani generals as a means of modernizing an aging army to meet the Indian threat. Even if most of them are aware that no improvements in traditional defensive capabilities will enable Pakistan to stand up to an Indian army that has twice as many men and three times as many airplanes, increased military strength does improve Islamabad's negotiating position vis-a-vis New Delhi. It is in this context one can understand Pakistan's offer of a "nonaggression pact" to India immediately after the signing of the 1981 assistance accord with the US, and General Zia's launching of a timid process of normalization of Pakistani-Indian relations.

Increasing Confrontation with India

Disturbed by Pakistan's new role in the region, India maintains a policy of confrontation with respect to its western neighbor, notwithstanding Islamabad's overtures. Its position on the Afghan crisis remains vague:

refraining from open support of the USSR (5), it endorsed a Pakistani resolution, at the Nonaligned summit in New Delhi in February 1981, calling for the withdrawal of "foreign forces" from Afghanistan. But it still refuses, by its abstention on the annual voting at the UN, to condemn a Soviet occupation which it like Moscow justifies by the "external interference" supported from Pakistan.

Confronted with the consolidation of a Washington-Islamabad-Beijing axis, India has begun to arm itself, entirely with Soviet materiel. The "war psychosis," which General Zia and Indira Gandhi each blamed on the other, was not really dissipated by their meeting in 1982 in Delhi, even though the latter was described by Pakistani media as "historic." Mrs Gandhi countered General Zia's proposal for a "nonaggression pact" (6) with the offer of a "treaty of peace, friendship and cooperation." Speaking like a true daughter of Nehru, her formula was designed ostensibly to establish "overall equilibrium in the region;" but according to Islamabad its primary aim was to establish India's status as the only power in the region. The conditions New Delhi attached to the offer were in fact unacceptable to Islamabad: both countries would be prohibited from raising bilateral problems in international fora (the Kashmir problem, for example), or from allowing third parties to establish military bases.

Indo-Pakistani relations have continued to deteriorate since that time, and the work of the commissions established in early 1983 to create a structured framework for normalization has been suspended. Each government has accused the other of interference. Mrs Gandhi supported the agitation carried out by opponents of the Pakistani military regime in August 1983. Islamabad has been accused of training Sikh extremists and of instigating the hijacking of two Indian planes to Lahore by Sikh air pirates in July and August 1984. At about the same time, tensions were shifted to military skirmishing in the high valleys of the Kashmir, where Indian troops advanced several dozen kilometers inside Pakistani defensive lines (Siachen glacier). But they continued to deteriorate with disclosures in Washington of an Indian "plan" to carry out an air raid against Pakistani's nuclear installations at Kahuta near the border. Nevertheless, in the view of Pakistani diplomats whose job it was to neutralize these new threats mounting on the horizon, the hardening of the Indian position was basically motivated by the approach of elections. In Islamabad it was said that the greater the risk that the Congress Party would lose, the greater the threat of an Indian attack. But despite the stunning victory of Rajiv Gandhi (who, like his mother, denounced the "arms race" being waged against India, the Pakistani nuclear threat, and the "false overtures" made by General Zia in his efforts to re-establish a dialogue), it would seem that the threat of an armed conflict has not been diffused.

Today, all possible scenarios of Indian military aggression are being viewed with concern in Pakistan. The most pessimistic do not even exclude the possibility of a partitioning of the country into zones of Soviet (Baluchistan and Northwest Frontier Province) and Indian (Sind and Punjab) influence. Others believe that the changes in the regional balance of power brought about by the Soviet thrust into southern Asia might oblige India to diversify its alliances and--because its own status as a regional power is

now threatened--persuade it of the necessity of creating a new buffer state: Pakistan, to replace the pre-1979 Afghanistan. This concept does not involve the possibility of a major military operation against Pakistan; but it leaves open the possibility of combined action by Indian and Soviet-Afghan forces at the borders aimed at "finlandizing" Pakistan.

Double-Talk About Moscow

The Soviet occupation of Afghanistan puts Pakistan in a schizophrenic position vis-a-vis the Kremlin. In the first place, it considers continuation of the guerrilla war in Afghanistan as a means of staving off aggression against its own territory; thus it shares with Washington a determination to keep the Afghan resistance alive. But the risks of escalation or a spillover of the conflict, as well as the perils of maintaining on its own territory a "guerrilla army," force it to deny officially that it supports the resistance. "We have no ties with the resistance, only a political solution can resolve the Afghan crisis," as General Zia loves to say. In official discourse, moreover, the term "resisters" is banned; the word "refugees" is systematically substituted for it. In reality, Islamabad's control over distribution of the arms sent to the resistance formations from abroad enables it to perpetuate the latter's fragmentation. The Pakistani government denies the existence of Afghan training camps on its territory, even though Western journalists can visit them with virtual impunity. Similarly, resistance political leaders enjoy a freedom of movement and expression which is envied by Pakistani opposition politicians. Thus Pakistan is paradoxically both the primary supporter of the resistance and the primary obstacle to its political, diplomatic and military consolidation.

The same double-talk about Moscow is used to describe bilateral relations: "Afghanistan aside, our relations with the USSR remain cordial," says the Pakistani Ministry of Foreign Affairs. In reality, Soviet financing programs, development projects and technical assistance have continued to grow over the last few years, in parallel with the growth of the volume of trade (the USSR in 1983 became Pakistan's 11th-largest trading partner, with China in 7th position). Less well-known are the concessions made by Islamabad to make possible the opening of "indirect" Pakistani-Afghan negotiations under the auspices of the UN.

Right after the Soviet intervention, General Zia had laid down three pre-conditions to any negotiations: an unconditional and immediate Soviet withdrawal; the participation of all countries concerned (thus also Iran) and participation of the Afghan resistance. Eighteen months later, Islamabad agreed in principle to indirect talks with the "representatives of the party in power in Kabul" (without, however, recognizing the new Afghan regime), abandoned the requirement for participation by Iran, and condemned the resistance to diplomatic nonexistence by leaving it out of the political resolution process. The Pakistani president even accepts the continuation in Kabul of a regime "friendly" toward the Kremlin.

Whatever may have been Moscow's objectives (to find an honorable way out of the "Afghan hornets' nest" or, more probably, to obtain recognition for the Karmal regime, it took no more than a year to become clear that the Geneva negotiations have reached an impasse and that their continuation reflects nothing more than the refusal of the parties involved to take responsibility for breaking them off. In June 1982, after several shuttlings back and forth of special UN envoys (De Cuellar, then Cordovez) between Kabul, Islamabad and Tehran, the first indirect talks (Geneva I, with Iran standing in the wings) established the principle of negotiating on the basis of the four points of the UN General Assembly resolution. Islamabad abandoned the principle of self-determination; Kabul gave up the idea of immediate recognition of its government.

After Geneva II (April 1983), Diego Cordovez believed he could announce that the accord was "95 percent complete." He gave it to be understood that a schedule for withdrawal of Soviet troops would be established, that the voluntary return of the refugees could be confidently undertaken, and that Islamabad must obtain a guarantee of the inviolability of the "Durand line." That optimism was of short duration. Geneva III (June 1985) brought to light the latent disagreements: Moscow refused to present a schedule for the withdrawal of its troops unless Islamabad would give assurances it would put a stop to "external interference" launched from its territory. The head of Pakistani diplomacy, Sahabzada Yakub Khan, refused to discuss "interference" before the announcement of a withdrawal. Washington, for its part, virtually refused to sign any accord that would not guarantee Afghans the right to self-determination. Geneva IV (August 1984) passed unnoticed, and Geneva V seems sufficiently unimportant to have been postponed from February to June 1985, then adjourned once again, in August, without any discussion of the key-problem, the schedule for withdrawal of the troops.

The repercussions of the Afghan war are beginning to weigh heavily on Pakistan, especially since the dashing of all hopes for a quick political solution in Geneva. Starting in the summer of 1984, air raids became an almost daily occurrence (634 Afghan air raids since 1978, of which 237 took place in 1984); they have left more than 160 dead, including 145 in 1984. The Soviet-Afghan deployment has been increased in the border areas, to deprive the guerrillas of the possibility of getting supplies from their Pakistani "sanctuaries." General Zia has stated he is prepared to tolerate these incursions up to a certain point; their principal victims for the moment are refugees and guerrillas. But can Pakistan passively accept massive resort to the "right of pursuit" which has been asserted almost daily since autumn 1984 by the Radio Kabul commentator?

Can Pakistan Survive?

More than 2 million Afghans--and the number grows every month by another 6-7 thousand--have found refuge in Pakistan, and their presence weighs heavily on an already fragile ecological environment (water, good land and wood are scarce). In some districts in Northwest Frontier Province and Baluchistan, the concentration of refugees is changing the demographic balance. Even though most of them may belong to the same Pashtun ethnic group established

on both sides of the "Durand line," the refugees are beginning to be rejected by their Pakistani cousins. Their gradual integration into the local economy is resented as a threat by the Pakistanis (particularly in the sectors of transport, small business and crafts: carpets, jewelry). Also, the Pakistani authorities and international assistance organizations are quietly pushing forward with implementation of projects to create jobs in an effort to make the refugees self-sufficient, as it seems increasingly unlikely they will ever depart.

High officials and military officers, both in Peshawar and Quetta, are especially concerned about the danger of destabilization and subversion that might arise once Moscow has completed the process of infiltrating the Resistance, the Pakistani opposition, the refugees, and the local tribes, with its Afghan or Pakistani agents. The imposition of a curfew for Afghans in Peshawar and the expulsion of several thousand unmarried Afghan men following a series of fatal attacks in the city during the summer of 1984 do not begin to reflect the magnitude of the risks. Because the refugees are in large part under the control of Pakistani fundamentalist religious parties (notably the highly structured "Jamaat-e-Islami") they could be utilized in a conflict with the local Pakistani opposition, which is ideologically close to Baluchi and Pashtun separatists who are being encouraged covertly by Kabul and Moscow).

For the moment, in Islamabad, the central government seems to have succeeded in stopping the spread of Baluchi and Pashtun separatism. The economic fallout of the Afghan crisis has promoted the economic take-off of those two provinces, where many of the emigrants working in the Gulf and enjoying the benefits of Pakistan's brand new prosperity were born. As the sociologists maintain, a real integration has already taken place between the Northwest Frontier Province and the leading province in the Punjab, and with regard to Baluchistan one must admit, 8 years after the crushing of the insurrection, that the Sardars and the Nawabs have accepted the outstretched (and money-filled) hand of General Zia. Most of them even participated in the national and provincial elections organized last February and March by the military government, elections from which the political parties were excluded. But the leaders of the Baluchi insurrection, by opting for temporary collaboration with the "Punjabi colonizer" or even exile, have lost the support of their troops: they have not disarmed them. Attaullah Mengal in London, Sher Mohammad Marri in Quetta, and Agbar Bagti in Karachi explain that the struggle for independence will resume "when the time is ripe," in other words when Moscow decides it is time. These longtime supporters of the Soviets have been joined, over the last few months, by a national opposition movement which is radicalizing in the face of continued martial law. The slogan "Welcome Russia" is beginning to be heard on the campuses in Karachi and Lahore, after having gained fresh support in other academic institutions at Quetta and Peshawar.

This disorderly radicalization became manifest in all its violence during several weeks of agitation in summer 1984 in the province of Sind. The peasants and intellectuals of Sind, ignored by the current regime (which has

patched up a long-standing grudge against the pro-Bhutto landowners), are gradually turning against traditional politicians. General Zia acknowledged several months ago that the surge in criminal activity in the Sind had causes as much political as economic. If the "dacoits" (highway bandits) of the Sind are armed today with Kalachnikovs, that is in large part the result of the flourishing black market in arms brought about by the effort to get supplies to the Afghan guerrillas. One finds veritable arsenals of these arms, diverted from their intended destination, in the tribal areas bordering on the Afghan frontier. When one realizes that the Afghan secret services are gradually gaining the support of some of the tribes by playing on ancestral rivalries--as the English used to do in the same region a century earlier--one can understand the comment, by the interior minister of the province of Peshawar, that "the current lull is almost miraculous."

Five years after the Soviet intervention in Afghanistan, anti-American sentiment, linked to the impotence of the traditional political opposition, seems to be making considerable gains with young people and in the rural areas of the three minority provinces, while it had never disappeared among the "progressive" intelligentsia of the big cities.

It is significant that the Pakistani politicians, even the most moderate of them, refuse to talk about the Afghan conflict in terms other than demands for the opening of direct negotiations with Kabul. In their view, Soviet intervention (often described as Brezhnev's "Christmas gift" to Zia), has prolonged the existence of the military regime because of the American support it engendered. A resolution of the Afghan problem that involved accepting the status quo would dislodge one of the props supporting General Zia and thus precipitate his fall.

Beyond this tactical and frequently demagogic line, numerous Pakistanis think that the Washington-Islamabad convergence on Afghanistan will do nothing but stir up conflict between Pakistan and its two powerful neighbors, without giving it adequate guarantees. Careful not to jeopardize their attempted rapprochement with New Delhi, American leaders have actually never told the Pakistani public what they would do in case of a joint Soviet-Indian attack against Pakistan. "What use is it to encumber ourselves with an American alliance and to revive our quarrels with Moscow and Delhi, when we are not even sure that Washington will not abandon us again?" say many Pakistanis still obsessed by the memory of their last two conflicts with India.

The idea of a regional compromise, broken away from the East-West confrontation, is gaining ground in Pakistan, even in the civilian leadership. Emphasis is put on the fact that the sovietization of Afghanistan is irreversible and that de facto recognition would promote recognition of the "Durand line" and the departure of the refugees from their country. That analysis, however, fails to take into account the Afghan resistance, which is capable of a military response to such a policy on the part of Islamabad, capable of making it pay the price on its own territory. Afghan refugee party leaders in Peshawar are already warning that if a Pakistani government were to choose to come to terms with Moscow, it would become the enemy of the combatants of Islam.

The partisans of a regional solution to the Afghan crisis, like the former foreign affairs minister, Agha Shahi (1977-1982), understandably lay stress on what in their eyes is another critical determinant of Pakistan's survival: mass support for the government's actions. That support--emotional, and thus ephemeral, under Bhutto--has been very passive since the military coup of July 1977 orchestrated by General Zia. The exploitation of Islam by the current regime has had a corrosive effect on the country's already weak feeling of national unity, as shown by the persistence of Baluchi irredentism and the emergence of separatist demands in the Sind. The policy of islamization of society is restimulating the rivalry--potentially explosive in view of Iran's proximity--between the large Shiite minority and the Sunni majority which is itself divided. At most it is neutralizing some religious parties (Jamaat-e-Islami) while throwing others (Jamaat-Ulema-e-Islam and Jamaat-Ulema-e-Pakistan) into the opposition. The massive abstention of a population indifferent to the 19 December 1984 referendum on islamization (7) has shown the limited value of exploiting religion as an instrument for legitimization of the regime.

Thirty-eight years after partition, there is still no national consensus in Pakistan. The country only seems to be able to hold together by resorting to authoritarian regimes which, by excluding three out of four provinces as well as quite a few social classes from the decision-making process, end up increasing political polarization. This situation makes the country fragile. It also makes it vulnerable to external interference which could ultimately threaten its continued existence.

FOOTNOTES

1. THE MUSLIM, 9 December 1984.
2. NEWSWEEK, interview with General Zia, 15 June 1981.
3. A positive response to the question, "Are you in agreement with the government's policy of islamization?" implied the "election" of General Zia as president of Pakistan for a 5-year period. According to the official count, 97 percent of the electorate voted "yes".
4. On 12 November 1893 Lord Alfred Durand, on behalf of Great Britain, imposed on Emir Abdour Rahman, king of Pakistan, a treaty providing for the break-up of the Pashtun territories. This line of partition, which has passed into history under the name "Durand line," was challenged by Afghanistan in 1947, but the Pakistanis contended it was irreversible.
5. Neither the joint communique published at the conclusion of Leonid Brezhnev's visit to Delhi in December 1980, nor the final communique coming out of Rajiv Gandhi's visit to Moscow in early 1985 directly mentions Afghanistan.

6. The Pakistani "no-war pact" provides for a reduction in armaments along with the possibility of inspection of each country's nuclear installations.
7. In reality only 25 percent participated in the voting, although the official figures show 62 percent.

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CS0 : 4619/19

LIFTING OF MARTIAL LAW NOT EXPECTED TO BRING DEMOCRACY

Lahore CHATAN in Urdu 25 Nov 85 pp 8-11

[Article by Akhtar Kashmiri]

[Excerpts] Recently I had an opportunity to meet and listen to a major, or rather the foremost, opposition leader. In this private meeting he was talking with out any mental reservations. He put no trust in the announcement lifting martial law. But this lack of trust did not cause him any disappointment. He said let the martial law be lifted and then we will show how political movements are organized. I got the impression that political circles in the country are hoping that as soon as martial law is lifted, the masses will lay down a red carpet for their beloved leaders and these national leaders will then travel to the four corners of the country to mobilize the support of the public and, on the strength of this public support, they will be successful in replacing an unpopular government with a popular one. This is not idle daydreaming. This is a carefully considered opinion of politicians and they have arguments to support it. It is another matter that future events may take a different turn and they may have to revise their opinion.

This group's opinion is that whether martial law stays or goes is of no consequence. What is of real importance is the announcement of the end of martial law. Once the martial law authority makes this announcement, it will not be able to enlist the help of the military to crush any popular movement. So far as the civil administration is concerned, it is not in a position even to disperse the leaderless mobs of students. In reaction to the repression of 8 years whatever popular movement takes shape will become an influential and strong movement, like the Islamization movement of 1977, and the civil administration will not be able to curb it.

Before the lifting of martial law, there have clearly emerged two political groups and these two groups will continue to be influential or active following the lifting of martial law, too.

One is the pro-government group, which includes people who obtained public votes and joined assemblies. The other group consists of those people who are without power, and this includes parties which are in the MRD and also those which have been expelled from the MRD. We will first estimate the political

clout of government. Then we will discuss the political parties. Therefore we come back to the question, "What will happen after the lifting of martial law?" I firmly believe that, after the lifting of martial law, conditions will remain the same as they have been in the 9th year. Martial law may announce its demise not once but a thousand times; it will not disappear in practice. Nor can the formal announcements of the lifting of martial law make any difference in the state of affairs. Rather the fear is that even those political circles which exhibit signs of moderation will, after the verbal lifting of martial law, begin to show strictness and toughness.

This is the mental state which is the result of a revolution on the heels of another revolution. Martial law has been able to take the place of democracy in every place and clime because it is equipped with the power of punishment and it has the power to crush any necessary or unnecessary force that raises its head. Democracy, with its kindness and love, cannot take the place of martial law because just as martial law with its extremist tendencies is not in a position to bring about an improvement in the situation, similarly democracy with its mildness cannot deliver the goods. If military rule is fire, then democracy by contrast is water. The struggle between the two is destructive. Sometimes the fiery military regime destroys the mild-as-water existence of democracy, and at other times the water of democracy quenches the undemocratic fire of the military, whereas society needs both fire and water and cannot do without either.

Another simple reality is that only democracy can take the place of democracy and only martial law can fill the vacuum of martial law. A military regime cannot restore complete democracy. This is its problem. And, on the other hand, political leaders in the name of democracy cannot accept a new military regime because that will be suicidal for them.

If anyone still claims that, after 8 years of military rule, democracy is being ushered into the country, then this person is himself deluded and wants to delude others or he is so clever that, while sending everyone into the hell of delusion, he is preparing a paradise for himself alone. The world offers countless examples of martial law overthrowing democracy and entrenching itself in power, but there is not a single instance where, in the place of martial law, democracy flourished and took roots and became strong.

There is nothing in the situation to warrant the statement by National Assembly speaker Mr Fakhar Imam that by transferring power from the martial law regime, President Zia had set an historic example. In other words, what Mr Fakhar Imam is trying to say is that power has been transferred and we should fall on our knees offering thanks. However, the fact is that immediately after celebrating its 8th anniversary the regime got the 8th constitutional amendment passed by the National Assembly, under the supervision of Mr Fakhar Imam, and thus not only blocked all avenues to any transfer of power but armed itself with such powers that, if even half of them are exercised, the goal of democracy will recede into the second decade of the 21st century. By then, the authority of the ruler will have passed from

individuals to dynasties and those who defended this authority constitutionally and gave it political life will, at the end of their own lives, be beating their breasts in sorrow.

In simple words, let it be understood that 100 million individuals will be dependent upon the whim of one person and, whatever the efforts of the few politicians of this country of 100 million persons, they will never be directed at giving the 100 million human and constitutional liberties. Their efforts will be merely to ensure that they, too, join the ranks of those who, in their various gradation, have been put in authority over the people. Therefore, the political fights of the future will not be the fight for the people's rights. It will be a fight for personal authority in the name of (people's) rights.

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FOREIGN AID, INVESTMENT INFLOWS SAID 'TAPERING OFF'

Karachi DAWN in English (BUSINESS Supplement) 11 Jan 86 p 1

[Article by M. Ziauddin]

[Text] ACCORDING to informed sources, the net official inflows, which were projected to increase by about 75 per cent during the year, have suddenly tapered off in the last weeks of the first half of the year.

On the other hand, exports during November and December were said to have stagnated, making the target of 23 per cent increase during the year rather uncertain.

In the opinion of informed circles, the official import growth figures for the first five months made public some weeks back appeared grossly understated, especially as this growth would be well out of line with the projected expansion in the economy.

They believe that in the next six months the current energy crisis would have serious impact on the ability of the economy to push up exports and they also fear that in order to cover the expected shortages of essential commodities due to energy crisis, the government will have to resort to heavy imports as has been done in the case of sugar.

Withheld

While net official capital inflows have tapered off, as the promised structural adjustment loans (SAL) of the World Bank for industry and agriculture (amounting to about 600-700 million dollars) have been

withheld, the country faces higher levels of repayment obligations to the IMF and other parties by the end of the year, these sources said.

In view of the above, experts feel that Pakistan was likely to experience an expanded current account deficit in 1985-86 which could reach about seven per cent of the GNP as compared to five per cent in 1984-85.

They also fear that the overall deficit might consequently be 500 million dollars and gross official reserves could be exhausted by year-end.

If the inflow from the foreign exchange certificate could pick up during the next six months, they said, things might not turn out to be as bleak. But they appeared reluctant to place a bet on FECS showing a sudden upsurge over the next months.

Taxes

On the domestic front, the government through the last budget substantially reduced personal and corporate income taxes, some excises were also lowered and in some cases exemptions from domestic sales taxes were also expanded.

All of this, experts said, resulted in a reduction in tax elasticity. On the other hand, no tax reform measures to expand tax revenue were included in the budgetary proposals.

On the contrary, they said, the Tax Reform Commission which was expected to announce its recommendations by the end of December 1985, it seemed had not completed its job.

The growth of budget receipts, they pointed out, was largely based on a doubling of the import surcharges, which has increased dependence on trade taxes and on higher user prices of energy.

However, since the imports declined by six per cent during the first five months of the year, experts believe, the revenue collection from this source has gone down

The promised structural adjustment loans of the World Bank for industry and agriculture, amounting to \$600-700 million, have been withheld.

substantially. Since there is massive load-shedding going on, which is expected to last for almost six months, the higher income expected from user prices of energy too was not expected to materialise, they added.

Moreover, the increased income from the doubling of import surcharge has been earmarked for larger education expenditure, while the natural gas price increase has not been passed backward into higher fertiliser user prices and which is expected to result in a larger fertiliser subsidy.

Imports

These experts believe that the budget has underestimated current expenditure. Therefore, they believe that overall deficit/GDP ratio would surpass even nine per cent instead of the projected seven per cent.

In the absence of sufficient domestic resource mobilisation measures, the budget had forecast a tripling of net external financing to over three per cent of GDP as well as a larger dependence on private savings.

This, experts said, would be impossible to achieve in the prevailing conditions. As a result, by the end of the year the government will have no option but to resort to a much higher deficit financing than it did in the last year.

Slow-down

Meanwhile, the overall domestic economy, experts said, has slowed down considerably as a consequence of a serious stagnation in investment activity. They feared that the rate of investment during the first six months of the year was the lowest in the last five years and added that it would further slow down in the next six months as a result of the heavy load-shedding in major parts of the country.

They suspect that the government, which had held commodities worth billions of rupees at the beginning of the year, had converted them into cash to cover up the impending massive shortfall in the revenue. This was the main reason, they said, why the government was forced to allow import of sugar.

They recalled that at the beginning of the year there were plans to export sugar and in some cases selling the commodity in exchange for wheat.

In their opinion, the stocks held by the government were now in the hands of speculators and hoarders who are successfully manipulating sugar consumer prices.

They also recalled that at the time of derationing of sugar it was announced that the government would always hold buffer stocks to be used at the time of shortages in order to keep the consumer prices stabilised.

Emerging picture

According to independent economic experts, the emerging bleak picture of the economy was the direct consequence of the attempts of policy makers to win popularity votes as well as to keep bilateral and multilateral donors in good humour.

In the upshot, they said, the donors seem to have reached the end of their patience and the popularity vote was in the process of turning into a vote of utter frustration.

Unemployment rate was soaring and in the absence of any big scale engineering and construction investment, either in the public or private sector, this rate was expected to go further up in the coming years, they said.

The promised improvement in education, health and potable water supplies and also the much trumpeted programme to electrify the villages, they said, still appears to be just a dream.

1986-1987 BUDGET PROSPECTS VIEWED

Karachi DAWN in English (BUSINESS Supplement) 11 Jan 86 p I, IV

[Article by M. Nawaz Khan]

[Text] **THE BUDGET SEASON** is once more upon us. Budget making process must have started already in the Federal Government and soon it will be the major subject of discussion in and outside government circles.

Naturally, we are all anxious to know what type of budget to expect in 1986-87 — a realistic, an innovative or a make-believe budget? What message will the budget, the most important policy statement in a year of any government, convey to the people?

Will it call upon the nation to get ready to atone for past extravagance through a period of austerity, or shall we ignore the known weaknesses of the economy and go for GDP growth floating on external resources, if these were available? Shall we once more avoid the hard and difficult choices or meet them boldly? And above all, will the present government, having limited support in the country, take the political risk of taking unpopular but economically correct decisions?

These are some of the questions which will have to be answered before the next budget is presented to the National Assembly.

The next budget would depend, to some extent, on the performance of the economy during the current fiscal year. Despite occasional and,

perhaps, selective leaks of information on some aspects of economy, an authoritative and comprehensive review will not be available till the publication of the Economic Survey, unless the government chooses, or is induced, to present a mid-term review to the National Assembly. In the absence of such a review, we cannot be sure whether the budget will live up to its promise of opening up "new vistas for social and economic progress in the country."

However, one can have some idea as to how the current year is likely to end, by projecting forward the past budgetary trends. After all a single year's budget cannot be expected to reverse long established trends in one giant step.

A recurrent feature of our budgets in the recent past has been over-estimation of revenues and under-estimation of expenditure. As the current budget is also expected to follow this trend, we can be quite sure that expenditure, particularly revenue expenditure, will overshoot the budgeted amount and revenue receipts will fall short of budgeted target.

However, overall financing of the budget (revenue and development both) will not be affected, thanks to Rs. 14 billion receipts from sale of NSF Bonds against budget estimates of Rs. 3 billion only. The Federal Finance Minister will, therefore, be able to keep his promise of "no deficit financing this year."

But this is not the full story. Balancing of the budget on an overall basis, as has been done this year, conceals its basic and chronic weakness of imbalance between

Large deficits on revenue account, year after year, can only be described as a recipe for economic disaster.

'revenue receipts' and 'expenditure met from revenue.'

Over the years, the gap has grown from a manageable amount of Rs. 800 million in 1977-78 to Rs. 18 billion in 1984-85. On the basis of past trends, it is estimated that current year's budget will end up with a deficit of Rs. 14 billion on revenue account. Compared to last year's deficit of Rs. 18 billion, it is certainly an achievement provided this trend is maintained in the next year's budget also.

The manner in which deficits on revenue account were financed in the past was far from desirable, as it was inflationary. It goes to the credit of the present Federal Finance Minister that he has not resorted to the use of 'cash balances', a budgetary euphemism for printing currency notes, to finance current year's deficit on revenue account.

Let us also not deceive ourselves that in the recent past, government has been resorting to use of cash balances to finance ambitious Annual Development Programmes. It was not so, as can be seen from the published figures.

For example, country's financial books were balanced in 1982-83, 1983-84 and 1984-85, on overall basis, by use of cash balances amounting to Rs. 6.1 billion, 7.9 billion and 17.6 billion respectively.

At the same time, deficit on revenue account during the three years was Rs. 7.1 billion, 7.96 billion and 18.3 billion respectively. In other words, 'capital receipts' during these years were more than adequate to meet the entire development expenditure.

Since capital receipts were diverted to bridge the gap between revenue receipts and revenue expenditure, cash balances were used to finance development expenditure. The position was the same this year also. If there had been no deficit on revenue account, there would have been no need to float various bonds for budgetary purposes.

The real challenge to the Federal Finance Minister in relations to the next year's budget is whether he will be able to continue the process, started this year, of narrowing the gap between revenue receipts and revenue expenditure. It is realised that it will not be possible to bridge the gap completely in the next year's budget even on the basis of a most optimistic scenario of the economy's performance. It is also important whether the residual deficit on revenue account will be financed from non-inflationary resources, as has been done this year, or by use of cash balances.

Challenge

Bridging the gap by non-inflationary, i.e. non-bank, borrowing can be acceptable, at best, as a temporary solution, and that too only when appropriate policies that will eventually eliminate the deficit altogether, have been adopted. Otherwise, it simply postpones the difficult process of adjustment that has to take place sooner or later. The longer it is postponed, the more painful will be the adjustment, because in the meantime deficit will have increased by higher debt service liability on account of additional borrowings.

The solution as pointed out in the State Bank report is that, "if adequate resources cannot be mobilised, government expenditure both development and non-development will have to be curtailed."

During the last five years 'net revenue receipts' (after transfer to the provinces their share of federal taxes) of the Federal Government have grown at an average rate of 14 percent per annum. If we deduct from this rate the effect of new taxes which were imposed in some years, the growth rate will be much less, perhaps only 10 percent.

This phenomenon was also highlighted by the State Bank in its re-

port: "Historically, the basic constraint on fiscal policy has been the extremely low income-elasticity of taxation in Pakistan. The increase in tax revenue has mostly come from new tax measures."

For our exercise, even if we take the normal rate of growth to be 15 percent per annum, against the past five year's trend of 10 percent, preliminary estimates of 'revenue receipts' for 1986-87 cannot be more than Rs. 90 billion on the basis of existing taxation.

As regard 'expenditure met from revenue,' its average rate of growth during last five years has been above 20 percent per annum. Since averages can be misleading, we will assume the same rate of growth for expenditure that we assumed for revenue receipts, i.e. 15 percent per annum only.

The current year's estimated revenue expenditure is Rs. 92.6 billion but revised estimates are likely to go up to Rs. 96 billion in line with past trends. The preliminary estimates for 1986-87 will not, therefore, be less than Rs. 110 billion on the basis of 15 percent growth in expenditure. This means that a potential deficit of Rs. 20 billion on revenue account is starting the Finance Minister in the face.

Let us now examine whether there is any possibility of pruning the preliminary estimates to a more acceptable level.

A detailed examination of 'expenditure met from revenue' shows that not much can be done to curtail it. For example, total expenditure on civil administration of the Federal Government is no more than Rs. 13 billion and even if it is kept at current year's level in real terms, the reduction in preliminary estimates may be less than Rs. one billion.

There is no way of cutting down debt services liability which is estimated to be Rs. 29.6 billion in the current fiscal year. With no rescheduling of foreign debt in sight, expenditure on this account is bound to be more next year. Repudiation of foreign debt, as advised recently by a London based former bureaucrat, is hardly a practical policy option.

Can Defence expenditure, which is currently running at Rs. 33 billion, be held at this year's level in real terms? If it could be done, it would certainly be helpful in reducing the potential deficit in revenue account.

Finally, there are subsidies amounting to Rs. 3.6 billion for food items and Rs. 2.16 billion for exports. If no social or economic risks are involved in their abolition, these should certainly be abolished.

It is, however, clear from the above discussion that though there is some room for containing revenue expenditure, it will be of limited help in narrowing the gap between revenue receipts and revenue expenditure. Obviously, no substantial improvement can be made without a major effort to mobilise additional resources.

The report of the Taxation Reforms Commission will be crucial for next year's package of new taxation measures. We do not know what will be the Commission's recommendations with regard to agriculture income tax, but it is almost certain that even if the government is able to push through an agriculture tax bill in the next budget session of the National Assembly, the tax will not be levied from assessment year 1986-87. This potential major source of revenue will not thus be available next year

whatever the Commission recommendations or government's reaction to them. Checking of tax evasion and bringing of small businessmen and self-employed professionals in the tax net, is also open to the Federal Finance Minister and we have no doubt that he will opt for it by toning up the working of CBR. However, no substantial increase in tax collection should be expected in 1986-87 on this account even if there is dramatic improvement in the working of CBR. Such improvements in efficiency take time together momentum and show results.

The Federal Finance Minister will be subjected to pressures in the opposite direction also. Indirect taxes have already reached a point from which only a downward movement is possible. The Minister is already being asked to bring down import duties on several items and one should not be surprised if he is obliged to give some concession in indirect taxes, or at least abolishes the surcharges imposed by him and his predecessor.

The Provinces are also going to demand a greater share of federal

taxes and any readjustment in sharing of divisible taxes in favour of provinces, will mean less receipts for the Federation. The Finance Minister thus faces an unenviable task next year and he will need all his ingenuity to find some room for manoeuvre in the conflicting pressures that will be brought to bear upon him.

This analysis has been restricted to the revenue account of the budget because that part, in the opinion of most observers, is crucial to the country's fiscal health. It is, perhaps, for this reason, that the Constitution prescribes that annual budget statement to be laid before the National Assembly by the Federal Government "shall distinguish expenditure on revenue account from other expenditure."

In case of developing expenditure, a certain amount of deficit financing can be tolerated as, within limits, it will not do much harm.

Moreover, by bridging the gap between revenue receipts and revenue expenditure, the Finance Minister will be able to stop diversion of capital receipts to the revenue account. He will thus have more resources for ADP which is likely to present its own financing problems. Let us hope that, for the health of the economy, he is able to do that.

/12828

CSO: 4600/181

CONTROL OVER POPULATION INFLOW INTO SIND URGED

Karachi DAWN In English 11 Jan 86 p 8

[Text]

KARACHI, Jan 10: The Servants of Sind Society has urged that the inflow of persons from upcountry into Sind should be regulated and all bogus domicile certificates be cancelled.

At a meeting presided over by the SSS President, Syed Ghulam Mustafa Shah, its main resolution pointed out that Karachi alone was providing shelter and other civic amenities to more than three million people belonging to other provinces. The Federal Government and the concerned Provincial Governments therefore compensate the Sind Government for the facilities given to such persons in Sind, including Karachi, it emphasised.

It also called upon the Sind Government to provide employment opportunities to the "permanent resident citizens" of Sind on priority basis.

Through another resolution the Society demanded that the Sind Government should implement the provisions of the Language Act of

1972 and create a Sindhi Language Authority and accord due place to Sindhi in all the government departments and private organisations. Besides, Sindhi typewriters be provided in the offices, where necessary, and Sindhi shorthand and stenography be introduced to meet the legislative, executive and judicial requirements of the province.

"The Society hopes that enough provisions will be made in the next year's budget for this purpose and prior directives will be issued to all concerned," the resolution said.

Yet another resolution demanded reinstatement of the two teachers of NED University. It criticised the frequent closure of educational institutions in the province.

The Society, while condemning the recent firing incident in Nawabshah, urged that the culprits be brought to book and adequate compensation paid to the families of the victims.

/12828

CSO: 4600/181

AJK PRESIDENT WARNS AGAINST 'BARGAINING ON KASHMIR'

Karachi DAWN in English 11 Jan 86 p 8

[Text]

KARACHI, Jan 10: The President of Azad Jammu and Kashmir, Sardar Abdul Qaiyum Khan, has said that in any settlement of the Kashmir dispute no bargaining of any sort will be tolerated.

Speaking at a reception given for him by the Kashmiri residents here at the Mauripur truck stand on Friday, he declared that no sacrifice would be too great to wrest freedom for the people of Jammu and Kashmir.

The Kashmir issue was recognised in the world forum as a dispute and only the UN resolutions formed the basis on which a just and amicable settlement (of the Kashmir dispute) was at all possible, he pointed out.

Mr Qaiyum advised the people, particularly the politicians, to work in unison for the consolidation of Pakistan now that Martial Law had been revoked and the fundamental rights restored.

Referring to the India-Pakistan current process of normalising bilateral relations the AJK President said if there was peace and stability at home, Pakistan could strike a better deal with India.

He regretted that there was today not so much sentimental attachment towards Pakistan as it had been at the time of its establishment. However, this feeling of "unconcern and disinterestedness" among the people should be removed with the restoration of a democratic set-up in the country, he urged.

Sardar Abdul Aziz and Dr Shahjehan, while welcoming the AJK President, assured him of the Kashmiri residents' resolve to continue their struggle for the right of self-determination.

APP adds:

Earlier on arrival here he told newsmen at the civil airport that the lifting of Martial Law had paved the way for democracy to take its own course in the country.

Now it was a challenge for the politicians, the people and the assemblies to see that democracy was made to flourish and such conditions were not created again which might hamper this process, he emphasised.

He said that his present visit was part of the efforts being made by the Government for stabilising the conditions within the country and for the enforcement of an Islamic order.

To a question Sardar Abdul Qaiyum Khan said that Pakistan had been endeavouring to normalise relations with its close neighbour India. But he viewed these efforts were one sided as no such attempts had been made from the Indian side. Whatever had been seen from the Indian side was in response to the efforts being made by Pakistan.

He referred to the trade agreement reached between Pakistan and India and said that it should not contain any such thing which

might prove harmful for the people and the national economy.

The AJK President opined that the trade agreement between Pakistan and India will not help normalise the relations between the two countries if India considered it as a source for making Pakistan a market for its surplus goods.

He said that Indian strategists considered Pakistan responsible for their own weaknesses and the difficulties faced by them. It will be better if they now give up such thinking, he added.

Sardar Abdul Qaiyum said that there was complete political freedom in Azad Kashmir which now has a constitutional, elected and party government.

To another question about the development process in Azad Kashmir, he said his government was doing planning in this regard and expressed the hope that the conditions would improve in due course of time. He said that the Azad Kashmir Government was having the full support of Pakistan Government in its development needs.